

Auditing Procedures Report

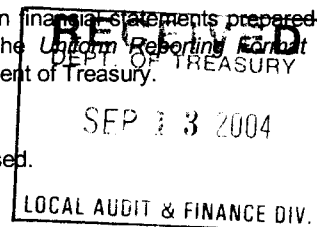
Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Parma Village	County Jackson
Audit Date 2/29/04	Opinion Date 8/31/04	Date Accountant Report Submitted to State: 9/3/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.



We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.		✓	
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Markowski & Company, CPAs			
Street Address 2880 Spring Arbor Road	City Jackson	State MI	ZIP 49203
Accountant Signature <i>Markowski & Company</i>		Date 9/9/04	

VILLAGE OF PARMA, INC.
JACKSON COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
FOR THE YEAR ENDED FEBRUARY 29, 2004

VILLAGE OF PARMA, INC.

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MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTS
ESTATE PLANNING COUNCIL
OF SOUTH CENTRAL MICHIGAN

INDEPENDENT AUDITOR'S REPORT

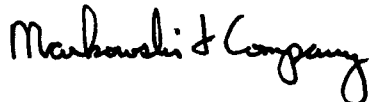
Village Council
Village of Parma
Jackson County, Michigan

We have audited the accompanying general purpose financial statements of the **Village of Parma, Inc.** as of and for the year ended February 29, 2004. These general purpose financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. The prior year summarized comparative information has been derived from the Village's February 28, 2003 audited financial statements and, in our report dated August 31, 2003, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Parma as of February 29, 2004, and the results of operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Village of Parma. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.



MARKOWSKI & COMPANY, CPAs
August 31, 2004

VILLAGE OF PARMA, INC.
GENERAL PURPOSE FINANCIAL STATEMENTS
FEBRUARY 29, 2004

VILLAGE OF PARMA, INC.
COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS AND
DISCRETELY PRESENTED COMPONENT UNIT
FEBRUARY 29, 2004

	GOVERNMENTAL FUND TYPES		PROPRIETARY FUND TYPES	
	GENERAL	SPECIAL REVENUE	ENTERPRISE	INTERNAL SERVICE
ASSETS AND OTHER DEBITS				
ASSETS:				
Cash and cash equivalents	\$ 78,298	\$ 32,706	\$ 131,613	\$ 19,344
Investments - At cost	-	-	431,305	-
Receivables (Note 4)	59,670	12,418	100,817	-
Due from other funds	47,925	17,732	226,914	6,450
Prepaid expenses	1,920	-	-	-
Advanced expenses	-	-	2,947	-
Fixed assets	-	-	4,595,542	24,394
Assessment/Connection fees - Long-term	-	-	540,494	-
OTHER DEBITS:				
Amount available for debt service	-	-	-	-
Amount to be provided for debt	-	-	-	-
Total assets and other debits	<u>\$ 187,813</u>	<u>\$ 62,856</u>	<u>\$ 6,029,632</u>	<u>\$ 50,188</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
LIABILITIES:				
Bank overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	9,748	146	17,932	931
Accrued sick and vacation pay	-	-	-	-
Accrued payroll taxes and withholdings	-	-	-	-
Due to other funds	216,577	40,805	3,523	36,116
Due to other governments	-	-	-	-
Due to other groups	-	-	-	-
Deferred revenue	24,958	-	-	-
Capital lease payable - Current	-	-	70,000	-
Capital leases payable - Long-term	-	-	2,770,000	-
Total liabilities	<u>251,283</u>	<u>40,951</u>	<u>2,861,455</u>	<u>37,047</u>
EQUITIES AND OTHER CREDITS:				
Investment in general fixed assets	-	-	-	-
Retained earnings:				
Designated for debt service	-	-	116,665	-
Unreserved and undesignated	-	-	792,861	13,141
Contributed capital	-	-	2,258,651	-
Fund balance:				
Reserved	-	-	-	-
Designated	-	-	-	-
Unreserved and undesignated	(63,470)	21,905	-	-
Total fund equities and other credits	<u>(63,470)</u>	<u>21,905</u>	<u>3,168,177</u>	<u>13,141</u>
Total liabilities and fund equities	<u>\$ 187,813</u>	<u>\$ 62,856</u>	<u>\$ 6,029,632</u>	<u>\$ 50,188</u>

The notes to the financial statements are an integral part of this statement.

FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	COMPONENT UNIT LOCAL DEVELOPMENT FINANCE AUTHORITY	TOTALS (MEMORANDUM ONLY)
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	PRIMARY GOVERNMENT		REPORTING ENTITY
\$ 10,651	\$ -	\$ -	\$ 272,612	\$ 1,061,012	\$ 1,333,624
16,768	-	-	448,073	-	448,073
-	-	-	172,905	-	172,905
2,971	-	-	301,992	-	301,992
-	-	-	1,920	-	1,920
-	-	-	2,947	-	2,947
-	1,464,677	-	6,084,613	352,120	6,436,733
-	-	-	540,494	-	540,494
-	-	-	-	-	-
-	-	48,110	48,110	-	48,110
\$ 30,390	\$ 1,464,677	\$ 48,110	\$ 7,873,666	\$ 1,413,132	\$ 9,286,798
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	28,757	561,282	590,039
-	-	9,110	9,110	-	9,110
4,129	-	-	4,129	-	4,129
4,971	-	-	301,992	-	301,992
-	-	-	-	-	-
75	-	-	75	-	75
-	-	-	24,958	-	24,958
-	-	-	70,000	-	70,000
-	-	39,000	2,809,000	-	2,809,000
9,175	-	48,110	3,248,021	561,282	3,809,303
-	1,464,677	-	1,464,677	352,120	1,816,797
-	-	-	116,665	-	116,665
-	-	-	806,002	-	806,002
-	-	-	2,258,651	-	2,258,651
-	-	-	-	-	-
-	-	-	-	-	-
21,215	-	-	(20,350)	499,730	479,380
21,215	1,464,677	-	4,625,645	851,850	5,477,495
\$ 30,390	\$ 1,464,677	\$ 48,110	\$ 7,873,666	\$ 1,413,132	\$ 9,286,798

VILLAGE OF PARMA, INC.
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND
DISCRETELY PRESENTED COMPONENT UNIT
THE YEAR ENDED FEBRUARY 29, 2004

	GENERAL	SPECIAL REVENUE	EXPENDABLE TRUST
REVENUES:			
Taxes and penalties	\$ 52,758	\$ -	\$ -
Licenses and permits	6,891	-	-
Intergovernmental	362,069	61,482	39,000
Charges for services	3,148	-	5,081
Fines and forfeitures	-	8,107	-
Interest	727	1,582	340
Contributions	-	-	-
Other	8,398	4,180	7
Total revenues	<u>433,991</u>	<u>75,351</u>	<u>44,428</u>
EXPENDITURES:			
Current:			
Legislative	31,248	-	-
General government	49,506	-	-
Public safety	310,628	10,128	999
Public works	29,944	37,520	-
Culture and recreation	5,729	-	3,606
Other	37	-	-
Capital outlay	84,408	10,444	138,558
Debt retirement:			
Interest	-	-	-
Principal	-	-	-
Total expenditures	<u>511,500</u>	<u>58,092</u>	<u>143,163</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(77,509)</u>	<u>17,259</u>	<u>(98,735)</u>
OTHER FINANCING SOURCES (USES):			
Sale of fixed assets	-	-	765
Proceeds from long term debt	-	-	78,000
Operating transfers in	-	11,266	-
Operating transfers (out)	(11,266)	-	-
Total other financing sources (uses)	<u>(11,266)</u>	<u>11,266</u>	<u>78,765</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	(88,775)	28,525	(19,970)
FUND BALANCE - Beginning of year,	<u>25,305</u>	<u>(6,620)</u>	<u>41,185</u>
FUND BALANCE - End of year	<u><u>\$ (63,470)</u></u>	<u><u>\$ 21,905</u></u>	<u><u>\$ 21,215</u></u>

The notes to the financial statements are an integral part of this statement.

TOTALS (MEMORANDUM ONLY)	COMPONENT UNIT	TOTALS (MEMORANDUM ONLY)
PRIMARY GOVERNMENT	LOCAL DEVELOPMENT FINANCE AUTHORITY	REPORTING ENTITY
\$ 52,758	\$ 541,994	\$ 594,752
6,891	-	6,891
462,551	-	462,551
8,229	-	8,229
8,107	-	8,107
2,649	10,252	12,901
-	-	-
12,585	4,557	17,142
509,342	556,803	1,110,573
31,248	-	31,248
49,506	-	49,506
321,755	-	321,755
67,464	-	67,464
9,335	-	9,335
37	38,646	38,683
233,410	-	233,410
-	122,625	122,625
-	1,531,300	1,531,300
569,592	1,692,571	2,405,326
(60,250)	(1,135,768)	(1,294,753)
765	-	765
78,000	-	78,000
11,266	-	11,266
(11,266)	-	(11,266)
78,765	-	78,765
18,515	(1,135,768)	(1,215,988)
59,870	1,635,498	1,695,368
\$ (20,350)	\$ 499,730	\$ 479,380

VILLAGE OF PARMA, INC.
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS
THE YEAR ENDED FEBRUARY 29, 2004

	GENERAL FUND		
	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Taxes and penalties	\$ 69,033	\$ 52,758	\$ (16,275)
Licenses and permits	4,300	6,891	2,591
Intergovernmental	331,985	362,069	30,084
Charges for services	3,475	3,148	(327)
Fines and forfeitures	6,800	-	(6,800)
Interest	250	727	477
Contributions	-	-	-
Other	22,950	8,398	(14,552)
Total revenues	438,793	433,991	(4,802)
EXPENDITURES:			
Current:			
Legislative	40,408	31,248	9,160
General government	34,882	49,506	(14,624)
Public safety	319,886	310,628	9,258
Public works	15,940	29,944	(14,004)
Cultural and recreation	9,600	5,729	3,871
Other	-	37	(37)
Capital outlay	-	84,408	(84,408)
Total expenditures	420,716	511,500	(90,784)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	18,077	(77,509)	(95,586)
OTHER FINANCING SOURCES (USES):			
Sale of fixed assets	-	-	-
Operating transfers in	10,000	-	(10,000)
Operating transfers (out)	-	(11,266)	(11,266)
Total other financing sources (uses)	10,000	(11,266)	(21,266)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	28,077	(88,775)	(116,852)
FUND BALANCE - Beginning of year	25,305	25,305	-
FUND BALANCE - End of year	\$ 53,382	\$ (63,470)	\$ (116,852)

The notes to the financial statements are an integral part of this statement.

SPECIAL REVENUE FUNDS

AMENDED BUDGET		ACTUAL		VARIANCE FAVORABLE (UNFAVORABLE)
\$	-	\$	-	\$ -
	-		-	-
	-	61,482		61,482
	-	-		-
	-	8,107		8,107
	-	1,582		1,582
	-	-		-
	-	4,180		4,180
	-	75,351		75,351
	-	-		-
	-	-		-
	-	10,128		(10,128)
	-	37,520		(37,520)
	-	-		-
	-	-		-
	-	10,444		(10,444)
	-	58,092		(58,092)
	-	17,259		17,259
	-	-		-
	-	11,266		11,266
	-	-		-
	-	11,266		11,266
	-	28,525		28,525
	(6,620)	(6,620)		-
\$	(6,620)	\$	21,905	\$ 28,525

VILLAGE OF PARMA, INC.
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
THE YEAR ENDED FEBRUARY 29, 2004

	ENTERPRISE	INTERNAL SERVICE	TOTALS (MEMORANDUM ONLY)
OPERATING REVENUES:			
Taxes	\$ 28,592	\$ -	\$ 28,592
Charges for services	144,804	-	144,804
Interest and penalties	2,041	-	2,041
Rental charges	-	26,536	26,536
Total operating revenues	175,437	26,536	201,973
OPERATING EXPENSES:			
Administrative expenses	25,334	-	25,334
Operations and maintenance	189,279	12,633	201,912
Depreciation	78,525	11,632	90,157
Total operating expenses	293,138	24,265	317,403
OPERATING INCOME (LOSS)	(117,701)	2,271	(115,430)
NON-OPERATING REVENUES/EXPENSES -			
Interest expense	(130,215)	-	(130,215)
Sale of fixed assets	-	-	-
Interest income	127,464	-	127,464
Total non-operating revenues/expenses	(2,751)	-	(2,751)
NET INCOME	(120,452)	2,271	(118,181)
ADD - Depreciation on assets acquired with capital grants/ assessments which reduces contributed capital	51,494	-	51,494
RETAINED EARNINGS - Beginning of year	978,484	10,870	989,354
RETAINED EARNINGS - End of year	<u>\$ 909,526</u>	<u>\$ 13,141</u>	<u>\$ 922,667</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA, INC.
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
THE YEAR ENDED FEBRUARY 29, 2004

	ENTERPRISE	INTERNAL SERVICE	TOTALS (MEMORANDUM ONLY)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ (117,701)	\$ 2,271	\$ (115,430)
Adjustment to reconcile net income to net cash provided by operating activities:			
Depreciation	78,525	11,632	90,157
Amortization of due to Motor Pool Fund	-	-	-
Change in assets and liabilities -			
(Increase) decrease in assets-			
Accounts receivable	(35,745)	-	(35,745)
Prepaid sewer fees	(246)	-	(246)
(Decrease) increase in liabilities-			
Accounts payable	(1,547)	723	(824)
Total adjustments	40,987	12,355	53,342
Net cash provided (used) by operating activities	(76,714)	14,626	(62,088)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Interfund (lending)/borrowing	(106,524)	(891)	(107,415)
Repayment of interfund lending/(borrowing)	(22,041)	(2,058)	(24,099)
Net cash provided (used) by noncapital financing activities	(128,565)	(2,949)	(131,514)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Payments on capital lease	(144,205)	-	(144,205)
Collections of Assessment/Connection fees	217,026	-	217,026
Net cash flows from capital and related financing activities	72,821	-	72,821
CASH FLOWS FROM INVESTING ACTIVITIES -			
Purchase of fixed assets	(28,519)	-	(28,519)
Proceeds from sale of fixed assets	-	-	-
Interest revenue received	-	-	-
Investments purchased	-	-	-
Investments matured	241,660	-	241,660
Net cash provided (used) by investing activities	213,141	-	213,141
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	80,683	11,677	92,360
CASH AND CASH EQUIVALENTS - Beginning of year	50,930	7,667	58,597
CASH AND CASH EQUIVALENTS - End of year	\$ 131,613	\$ 19,344	\$ 150,957

NONCASH ACTIVITY:

The Water Fund system assets increased by \$6,373 during the year ended February 29, 2004. This addition was funded through a state grant (See Note 13).

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA, INC.
NOTES TO THE FINANCIAL STATEMENTS

VILLAGE OF PARMA, INC.

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VILLAGE OF PARMA, INC.

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VILLAGE OF PARMA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

A. REPORTING ENTITY

The Village of Parma, Inc. is incorporated under the provisions of Act 3 of 1895, as amended (General Law Village). The Village operates under a Council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

The accounting policies of the Village conform to accounting principles generally accepted in the United States of America as applicable to governments. The remainder of this note describes the more significant policies.

As required by accounting principles generally accepted in the United States of America, the financial statements of the Village of Parma, Inc. include its primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary are such that their exclusion would cause the Village's financial statements to be misleading or incomplete.

Based on the foregoing criteria, the Local Development Finance Authority of the Village of Parma, Inc. (LDFA) has been included in the reporting entity as a discretely presented component unit. The LDFA was created by the Village in a resolution dated December 12, 1988 under the authority of Michigan Public Act 281.

The LDFA is governed by a separate eleven member board, consisting of four members appointed by the Village of Parma, three appointed by Sandstone Township, two appointed by Western School District and one each appointed by Jackson County and Jackson Community College.

The LDFA's primary functions are the site acquisition and development (including the extension of roads and utilities) for a large automotive component manufacturer. The LDFA also services the construction related bonded indebtedness.

A copy of the LDFA's audited financial statements may be obtained at the Village of Parma's offices at 117 W. Main St., Parma, MI 49269.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

The financial records of the Village are organized and operated using funds and account groups. A **fund** is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting separates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements.

Account Groups are a reporting device used to account for certain assets and liabilities of governmental funds not directly recorded in those funds.

VILLAGE OF PARMA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES: (Continued)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION (Continued)

The Village has the following fund types and account groups:

Governmental funds are used to account for the Village's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are susceptible to accrual (i.e. when they are "measurable and available"). Measurable means the amount of the transaction can be determined; available means they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers all revenues available if they are collected within 60 days after year end.

Property taxes, state shared revenues, and interest, are considered to be susceptible to accrual by the Village. Expenditure driven (reimbursement type) grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Other receipts become measurable and available when the cash is received by the Village, and are recognized as revenue at that time.

Expenditures are recorded when the related liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The Village's Governmental funds include the following fund types:

The *General fund* is the Village's primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

The *special revenue funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred. The Village applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. Proprietary funds include the following fund types:

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business, or where the Council has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

VILLAGE OF PARMA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES: (Continued)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION (Continued)

Internal service funds account for operations that provide services to other departments or agencies of the Village, or to other governments, on a cost reimbursement basis. In the case of the Village's internal service fund, the Motor Pool fund, the equipment rental rates determined by the Michigan Department of Transportation are used to recover the costs of purchasing, operating and maintaining vehicles and equipment.

Fiduciary funds account for assets held by the Village in a trustee's capacity, or as an agent on behalf of others. Trust funds account for assets held by the Village under the terms of a trust agreement.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the cash basis of accounting. These funds are used to account for assets that the Village holds for others in an agency capacity.

The *expendable trust funds* are accounted for in essentially the same manner as governmental fund types. The measurement focus is the flow of current resources, and the modified accrual basis of accounting is used. Expendable trust funds account for assets where both the principal and related income may be spent.

Account groups – The *general fixed assets account group* is used to account for fixed assets not accounted for in the proprietary funds. The *general long-term account group* is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

C. ASSETS, LIABILITIES, AND EQUITY

1. DEPOSITS AND INVESTMENTS:

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with an original maturity of ninety days or less from the original date of acquisition.

State statutes and Village policies allow the Village to invest in obligations of the U.S. Treasury, certificates of deposit, certain commercial paper and corporate bonds, certain repurchase agreements, and investment pools whose assets are comprised of investments which would be legal if the Village invested directly in them.

Investments are reported at cost.

2. INTERFUND RECEIVABLES AND PAYABLES:

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to either as interfund receivables/payables (i.e. the current portion of the interfund loans) or advances to/from other funds (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds

VILLAGE OF PARMA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES: (Continued)

C. ASSETS, LIABILITIES, AND EQUITY (Continued)

3. FIXED ASSETS:

Fixed assets used in governmental fund types of the Village and the LDFA are recorded in the general fixed assets account group at cost, or estimated historical cost if historical cost is not available, for assets purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Interest incurred during construction is not capitalized on general fixed assets.

Public domain (infrastructure) general fixed assets, such as roads, sidewalks, and other assets that are immovable, are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not included in the general fixed asset group, or capitalized in the proprietary funds.

Assets in the general fixed account group are not depreciated.

Proprietary fund property, plant, and equipment are recorded at historical cost. Property, plant, and equipment donated to these funds are recorded at their estimated fair value at the date of donation.

Major outlays by the proprietary funds for capital assets and improvements are capitalized in the proprietary funds as the projects are constructed. Interest incurred during the construction phase of proprietary fund assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same term.

Property, plant, and equipment are depreciated in the proprietary funds of the Village using the straight-line method over the following estimated useful lives:

<u>ASSET TYPE</u>	<u>YEARS</u>
Buildings	40
Building improvements	40
System infrastructure	40
Equipment	7-10
Intangible assets (bond costs, etc.)	5-20

4. COMPENSATED ABSENCES:

Village policies grant full-time employees two weeks vacation leave per year after one year of employment. Vacation leave must be used in the year earned (i.e., no accumulations). Full-time employees are granted a maximum of twelve days sick leave per year. Sick leave time is recorded as an expense when it is paid. Accumulated sick leave (capped at 36 days) will be paid off at 50% of the employee's current pay rate upon termination. The village has also allowed the banking of comp time for police officers for activities such as training and court time. A provision for these liabilities is recorded in the General Long-Term Account Group.

VILLAGE OF PARMA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES: (Continued)

C. ASSETS, LIABILITIES, AND EQUITY (Continued)

5. FUND EQUITY:

Reservations of fund equity represent amounts that are not available for appropriation or are legally separated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

D. TOTAL COLUMNS ON COMBINED STATEMENTS:

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operation, or changes in financial position in conformity with accounting principles generally accepted in the United States of America. This data is not comparable to a consolidation either, since interfund eliminations have not been made in its aggregation.

Summarized comparative information is also presented in some of the statements to assist in analysis of the Village's financial position and results of operations.

E. SHARED SERVICE AGREEMENTS:

The Village of Parma, Inc., along with the Townships of Parma and Sandstone, participate in the operation of the Parma-Sandstone Police and Fire Departments. Under the terms of the operating agreements for these departments, the Village performs all accounting functions, and reports all the expenditures in its financial statements. The cost sharing provided by the two townships is reported as revenue in the Village's financial statements.

F. USE OF ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures (expenses) during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A. BUDGETARY INFORMATION:

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at fiscal year end.

In December of each year, all agencies of the Village submit requests for appropriations to the government's clerk so that a budget may be prepared. The proposed budget is presented to the Village's council for review. The council holds public hearings and a final budget must be prepared and adopted no later than February 28 (prior to the start of the new fiscal year).

VILLAGE OF PARMA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY: (Continued)

A. BUDGETARY INFORMATION: (Continued)

The appropriated budget is prepared by fund, function and department. The Village may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgetary control is the department level. The governing council made supplementary budgetary appropriations throughout the year by approving them at a public meeting.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

Public Act 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. In certain cases, the Village of Parma was in violation of this statute. Budgets were not formally adopted for the Village's Special Revenue funds for the year ended February 29, 2004.

Departments/Funds which expended more than the amount appropriated during the year are shown below:

FUND AND DEPARTMENT	BUDGETED	ACTUAL EXPENDITURES	EXCESS
GENERAL FUND:			
Village Hall & Grounds	\$ 15,932	\$ 35,576	\$ (19,644)
Parma-Sandstone Police	\$ 160,000	\$ 169,122	\$ (9,122)
Village Police	\$ 7,871	\$ 8,184	\$ (313)
Inspections	\$ 2,500	\$ 5,223	\$ (2,723)
Planning Commission	\$ 2,515	\$ 2,789	\$ (274)
Sanitation and Landfill	\$ 3,000	\$ 11,175	\$ (8,175)
DEQ Project - Water Construction	\$ -	\$ 6,373	\$ (6,373)
Other Functions	\$ -	\$ 37	\$ (37)
Capital Outlay	\$ -	\$ 83,216	\$ (83,216)
Operating Transfers (Out)	\$ -	\$ 11,266	\$ (11,266)
MAJOR STREETS FUND	\$ -	\$ 21,675	\$ (21,675)
LOCAL STREETS FUND	\$ -	\$ 15,845	\$ (15,845)
POLICE RESTRICTED FUND	\$ -	\$ 20,268	\$ (20,268)

C. FUND DEFICITS:

At February 29, 2004, the Village's General Fund and its Major Street Fund (a special revenue fund) had accumulated fund deficits of \$63,470 and \$3,860, respectively. Because the largest liabilities of these funds is amounts due to other Village funds, they should not have problems meeting their obligations.

The General Fund deficit is the result of short term revenue reductions resulting from its revenue sharing agreement with Sandstone Township regarding tax revenues generated within the LDFA boundaries. During fiscal year 2004/2005, the Village has received \$63,511 of excess captured taxes from the LDFA. This revenue source will help eliminate the General Fund deficit, along with future spending cuts.

VILLAGE OF PARMA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY: (Continued)

C. FUND DEFICITS: (Continued)

The Major Street Fund deficit occurred when the reconstruction of S. Union Street took place during 2001; the Village was required to provide a local match equal to 20% of the project's contracted price of \$328,476 and pay for all local engineering. The Village expects to eliminate this deficit with reduced street maintenance costs and transfers from other funds. This deficit is down from the prior year's total of \$27,311

D. BUILDING PERMITS:

The Village complied with state law requiring separate accounting for building permit fees and the related costs by establishing departments within the General Fund. Revenue for the year was \$5,066; the expenses were \$5,223.

DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

NOTE 3 - DEPOSITS AND INVESTMENTS:

The Village's deposits consist of checking and savings accounts and deposits with local banks and a small amount of cash on hand. At year end, the Village's carrying amount of deposits was \$272,612 and the bank balance was \$316,615. \$233,890 of the bank balance was covered by federal depository insurance, leaving \$82,725 uninsured.

The carrying amount of deposits and the bank balance for the LDFA, a discretely presented component unit, was \$1,061,012. Of the bank balance, only \$200,000 was covered by federal depository insurance. The remaining balance was held by the pledging financial institution's trust department or agent but not in the LDFA's name.

Investments are categorized into these three categories of credit risk:

(1) Insured or registered, or securities held by the government or its agent in the government's name.

(2) Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the government's name.

(3) Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in the government's name.

At year end, the Village's investment balances were as follows:

	CATEGORY		CARRYING AMOUNT	MARKET VALUE
	1	2		
Certificates of deposit	\$ 329,727	\$ 118,346	\$ 448,073	\$ 448,073

VILLAGE OF PARMA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - RECEIVABLES:

Receivables as of year end are as follows:

	GENERAL FUND	SPECIAL REVENUE	ENTERPRISE FUNDS	TOTAL
Interest	\$ -	\$ -	\$ 6,474	\$ 6,474
Taxes	4,601	-	8,825	13,426
Accounts	4,145	-	11	4,156
Assessments/Connection Fees	-	-	75,567	75,567
Intergovernmental	50,924	12,418	9,940	73,282
	<u>\$ 59,670</u>	<u>\$ 12,418</u>	<u>\$ 100,817</u>	<u>\$ 172,905</u>

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES:

The composition of interfund balances as of February 29, 2004, is as follows:

RECEIVABLE FUND	AMOUNT	PAYABLE FUND	AMOUNT
General	<u>\$ 47,925</u>	Major Streets	\$ 13,580
		Restricted Police	997
		Motor Pool	31,348
		Trust & Agency	<u>2,000</u>
	<u>47,925</u>		<u>47,925</u>
Local Streets	<u>17,732</u>	General Fund	1,673
		Major Streets	14,504
		Motor Pool	<u>1,555</u>
	<u>17,732</u>		<u>17,732</u>
Waste Water	<u>192,121</u>	General	186,658
		Garbage	2,250
		Motor Pool	<u>3,213</u>
	<u>192,121</u>		<u>192,121</u>
Water	<u>33,436</u>	General	26,889
		Local Streets	5,314
		Waste Water	<u>1,233</u>
	<u>33,436</u>		<u>33,436</u>
Garbage	<u>1,357</u>	General	<u>1,357</u>
Motor Pool	<u>6,450</u>	Major Streets	6,410
		Water	<u>40</u>
	<u>6,450</u>	Major Streets	<u>6,450</u>
Special Fire	<u>2,971</u>	Trust & Agency	<u>2,971</u>
Total	<u>\$ 301,992</u>	Total	<u>\$ 301,992</u>

VILLAGE OF PARMA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES: (Continued)

With the exception of the amounts due to the Waste Water fund from the General Fund, and the amounts due the General Fund from the Major Street and Motor Pool Funds, these balances have resulted from operating activities and council approved short-term borrowings.

The amount owed Waste Water by the General Fund is from council approved borrowings necessary to finance the construction of the Village's new water system. The General and Local Street Funds assisted the Major Street Fund finance the local costs incurred in the S. Union Street repaving (see discussion at Note 2C). The Motor Pool Fund financed the purchase of a new truck primarily with money borrowed from the General Fund.

NOTE 6 - ADVANCED EXPENSES:

The Village has capitalized certain preliminary engineering costs and initial operating expenses (incurred prior to placing the project in service) in its Waste Water fund. The project for which these costs have been incurred were not in service at February 29, 2004. When placed in service, the advanced expenses will be amortized over the project's useful life (expected to be forty years) using the straight-line method.

NOTE 7 - FIXED ASSETS:

Activity in the general fixed assets account group for the government for the year ended February 29, 2004, was as follows:

	BALANCE 2/28/03	ADDITIONS	RETIREMENTS	BALANCE 2/29/04
Land	\$ 23,275	\$ 1,000	\$ -	\$ 24,275
Buildings & Improvements	451,074	89,633	(1,200)	539,507
Machinery & Equipment	198,302	3,195	-	201,497
Vehicles	574,111	138,558	(72,600)	640,069
Office Equipment	58,305	1,024	-	59,329
	<u>\$ 1,305,067</u>	<u>\$ 233,410</u>	<u>\$ (73,800)</u>	<u>\$ 1,464,677</u>

The Village established its general fixed asset account group during its fiscal year ended February 28, 1993. Assets acquired prior to then were valued at an estimated historical cost, based on insurance appraisals and other available information. As of February 29, 2004, \$792,804 of the Village's assets are valued at their estimated historical cost.

The Village includes police and fire fixed assets in its general fixed asset account group at the full estimated/actual historical cost in its capacity as the record keeper for these entities. The Village's share of the police and fire fixed assets is only one-third under the terms of the shared service agreements. Total police and fire assets reported in the Village's general fixed assets account group were \$195,929 and \$1,008,299, respectively, at February 29, 2004.

There was no activity in the general fixed assets account group of the LDFA during the year ended February 29, 2004. The sole asset of the LDFA is vacant land suitable for industrial development. It is valued at its original cost of \$352,120.

VILLAGE OF PARMA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - FIXED ASSETS: (Continued)

The following is a summary of proprietary fund type fixed assets for the Village at February 29, 2004:

	ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
Land	\$ 47,440	\$ -
Buildings and system infrastructure	5,210,545	3,206
Improvements other than buildings	10,942	-
Machinery and equipment	-	60,308
Vehicles	-	113,194
Intangible assets (bond fees, etc.)	109,805	-
Total fixed assets	5,378,732	176,708
Less: Accumulated depreciation	(783,190)	(152,314)
Net fixed assets	\$ 4,595,542	\$ 24,394

NOTE 8 - DEFERRED REVENUE:

The Village has been constructing a water supply system funded by the Michigan Department of Environmental Quality. This construction has been accounted for in the Villages General Fund. As of February 29, 2004, the Village had received grant reimbursements totaling \$24,958 more than qualified expenses. This amount is reported as deferred revenue.

NOTE 9 - LONG TERM DEBT:

A. GENERAL LONG TERM DEBT:

In June 2003, The Village and Parma Township entered into a capital lease agreement with a fire apparatus manufacturer. This was done to finance their portion of a new 2003 Kenworth tanker purchased for the fire department.

The total capital lease payable is for \$78,000, and it was sold to a financial institution by the manufacturer upon completion of the arrangement. The Village is responsible for the repayment of \$39,000, plus interest, of this capital lease. The other half is the responsibility of Parma Township. Payments are due over in ten annual payments beginning in June 2004. Payments are due as follows:

Fiscal Year Ended	Amount
February 28, 2005	\$ 4,953
February 28, 2006	4,953
February 28, 2007	4,953
February 29, 2008	4,953
February 28, 2009	4,953
Thereafter	24,763
Total payments	49,528
Less: Interest	(10,528)
Principal due	\$ 39,000

VILLAGE OF PARMA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 – LONG TERM DEBT PAYABLE: (Continued)

A. GENERAL LONG TERM DEBT (Continued):

The general fund also will be responsible for paying the accrued time off due to its full time employees. Detail of general long term debt activity can be summarized as follows:

	2/28/03 Balance	Increases	Payments	2/29/04 Balance
Capital Lease Payable	\$ -	\$ 39,000	\$ -	\$ 39,000
Accrued Payroll	5,750	3,360	-	9,110
	<u>\$ 5,750</u>	<u>\$ 42,360</u>	<u>\$ -</u>	<u>\$ 48,110</u>

B. PROPRIETARY FUND LONG TERM DEBT:

The Village and LDFA have entered into contracts with the County of Jackson relating to the construction of a community water supply system, a water tower, and water system expansions to service the LDFA. Terms of the contracts require the County to construct the projects, and then lease them to the Village and LDFA for as long as County issued bonds and loans used to finance this construction are outstanding.

The lease payments will be made in an amount sufficient to pay all principal and interest due on the County bonds and loans. The Village will be responsible for the operation, maintenance, and administration of the system. Ownership will revert to the Village upon retirement of the County debt.

The Village portion of the project was financed by the County Board of Public Works through a Michigan Drinking Water Revolving Loan Fund loan. The terms of this \$1,110,000 loan call for principal payments over twenty years, commencing April 1, 2003 and ending April 1, 2022. The County requires payments thirty days prior to this schedule. Interest is charged at a fixed rate of 2.5%.

The LDFA portion of the project was financed by the County Board of Public Works through the issuance of \$1,800,000 of general obligation limited tax bonds. Bond payments will be made starting with an interest only payment due on April 1, 2003 through the final interest and principal payment due on October 1, 2021. The County requires payments thirty days prior to this schedule. The Village will make payments on this lease with tax increment revenues from the LDFA.

A summary of the capital leases payable is as follows:

	Balance 2/28/03	New Debt	Payments	Balance 2/28/03
Village Project lease	\$ 1,065,000	\$ -	\$ -	\$ 1,065,000
LDFA Project lease	1,800,000	-	(25,000)	1,775,000
	<u>\$ 2,865,000</u>	<u>\$ -</u>	<u>\$ (25,000)</u>	<u>\$ 2,840,000</u>

VILLAGE OF PARMA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 – LONG TERM DEBT PAYABLE: (Continued)

B. PROPRIETARY FUND LONG TERM DEBT: (Continued)

Payments are due as follows:

Fiscal year ended	Village Project	LDFA Project	Total
February 28, 2005	\$ 70,961	\$ 94,950	\$ 165,911
February 28, 2006	69,945	118,575	188,520
February 28, 2007	68,813	115,825	184,638
February 29, 2008	72,625	113,075	185,700
February 29, 2009	71,375	136,575	207,950
Thereafter	988,200	2,011,263	2,999,463
Total payments	1,341,919	2,590,263	3,932,182
Less: Interest	(276,919)	(815,263)	(1,092,182)
Principal due	<u>\$ 1,065,000</u>	<u>\$ 1,775,000</u>	<u>\$ 2,840,000</u>

NOTE 10 - RESERVED AND DESIGNATED FUND EQUITY:

Generally accepted governmental accounting principles require that fund equity be reserved in certain instances to reflect amounts not available for expenditure in future periods.

The Water Enterprise Fund has designated the assessments collected, less debt service payments to date, as being available only for debt service. This totaled \$116,665 at February 29, 2004.

NOTE 11 – PROPERTY TAXES:

The Village levies property taxes each July, based upon the taxable value of property as of the preceding December 31. The tax bills are due September 14. Taxes paid after that time incur a penalty of 1% per month. Taxes unpaid at February 28 are returned delinquent to the County Treasurer for collection. In return, the Village receives a payment for the unpaid taxes levied on real property, plus 6% penalty. The unpaid taxes levied on personal property (business equipment and fixtures, and certain leased property) are paid to the Village upon collection by the County. The Village is responsible for repayment to the County if the real taxes remain uncollected. The Village reimburses the County approximately \$2,000 annually for these taxes, plus interest.

On March 15, 1994 Michigan voters approved an amendment to the Michigan Constitution permitting ad valorem taxes to be levied on a non-uniform basis. Beginning in 1995, taxable property has two valuations – State Equalized Value (SEV – supposed to approximate 50% of the property's current fair value) and Taxable Value. Property taxes are levied on the Taxable Value. The Village relies on the township assessors from Parma and Sandstone Townships to determine these values.

Generally, taxable value is to be computed as the lesser of: a) Taxable Value of the immediately preceding year, adjusted for loss, multiplied by the lesser of the net percentage change in the property's SEV, the rate of inflation, or 5%, plus additions, or b) the property's SEV.

The Village's millage rate is established annually following a public hearing. Without voter approval, the rate is limited to that of the prior year with limited to the amount necessary to increase the total levy (excluding additions and deletions) by an amount not to exceed the annual rate of inflation.

VILLAGE OF PARMA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 – PROPERTY TAXES: (Continued)

A summary of the Village's Taxable Values, Operating Millage Rates, Total taxes Levied, Collections Through February 28, County Settlement for Real Taxes, and Unpaid Delinquent Personal Property Taxes at February 28 for the past five years is as follows:

TAX YEAR	TAXABLE VALUE	OPERATING MILLAGE RATE	TOTAL LEVY	COLLECTED THROUGH 2/28	DELINQUENT REAL (PAID BY COUNTY)	DELINQUENT PERSONALS
2003	\$ 43,700,538	5.1200	\$ 223,746	\$ 219,307	\$ 4,404	\$ 35
2002	\$ 20,768,487	5.1200	\$ 106,333	\$ 100,490	\$ 5,709	\$ 134
2001	\$ 26,762,241	5.1200	\$ 137,023	\$ 131,820	\$ 5,122	\$ 81
2000	\$ 9,414,586	5.1200	\$ 48,201	\$ 44,163	\$ 3,897	\$ 141
1999	\$ 9,141,768	5.2214	\$ 47,733	\$ 45,332	\$ 2,353	\$ 48

The State of Michigan provides significant tax incentives to encourage industry to renovate and expand aging industrial facilities and to attract new industrial facilities under Michigan Public Act 198 of 1974. This Act allows units to establish districts within which property owners will pay an Industrial Facilities tax rather than an ad valorem tax for up to twelve years.

For such districts established prior to January 1994, plant and equipment is taxed at one-half the total mills levied by all taxing units. For new districts created after 1993, plant and equipment is taxed at one-half the total mills levied except mills levied under the State Education Tax Act, plus the number of mills levied under that Act.

There are currently seven IFT certificates (districts) in the Village of Parma. A summary of the past five years' levies is as follows:

TAX YEAR	TAXABLE VALUE	OPERATING MILLAGE RATE	TOTAL LEVY	COLLECTED THROUGH 2/28	RETURNED DELINQUENT
2003	\$ 63,089,830	2.56000	\$ 161,510	\$ 161,510	\$ -
2002	\$ 74,177,789	2.56000	\$ 189,895	\$ 189,895	\$ -
2001	\$ 49,615,680	2.56000	\$ 127,016	\$ 127,016	\$ -
2000	\$ 68,793,969	2.56000	\$ 176,113	\$ 176,113	\$ -
1999	\$ 68,793,969	2.61070	\$ 179,600	\$ 179,600	\$ -

The Village's ad valorem and industrial facilities taxes levied on property within the Village of Parma LDFA are subject to capture by the LDFA. For the fiscal year 2004 (tax levy 2003), the LDFA captured the following amounts:

	TAXABLE VALUE	LEVY
Ad valorem	\$ 33,658,256	\$ 172,330
Industrial Facilities Tax	63,089,830	161,510
	<u>\$ 96,748,086</u>	<u>\$ 333,840</u>

VILLAGE OF PARMA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 – PROPERTY TAXES: (Continued)

In 2002, the Village began levying a special millage for hydrants and other community water system construction expenses which could not be attributed to a specific property. This tax levy is restricted to debt payments on the capital lease payable of the Water Enterprise Fund. A summary of the levy is as follows:

<u>TAX YEAR</u>	<u>TAXABLE VALUE</u>	<u>HYDRANT MILLAGE RATE</u>	<u>TOTAL LEVY</u>	<u>COLLECTED THROUGH 2/28</u>	<u>DELINQUENT REAL (PAID BY COUNTY)</u>	<u>DELINQUENT PERSONALS</u>
Ad Valorem:						
2003	\$ 43,700,538	0.3800	\$ 16,605	\$ 16,276	\$ 326	\$ 3
2002	\$ 20,768,487	0.3800	\$ 7,890	\$ 7,465	\$ 415	\$ 10
Industrial Facilities Tax:						
2003	\$ 63,089,830	0.3800	\$ 11,987	\$ 11,987	\$ -	\$ -
2002	\$ 74,177,789	0.3800	\$ 14,094	\$ 14,094	\$ -	\$ -

NOTE 12 - EMPLOYEES' RETIREMENT PLANS:

The Village of Parma contributes to defined contribution retirement plans established by the Village's two full-time police officers. These separate plans are in the name of the officers, and the Village's contributions are made under the terms of their employment agreements.

A defined contribution retirement plan provides benefits in return for service rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depends solely on the amount contributed to the participant's account and the returns earned on investments of these contributions. Contributions made by the employees and contributions by the Village both vest immediately. The employees contribute up to 5% of their base pay each week (pay period) to the plan. The Village contribution equals 10% of base wages (Increased in April 2003).

During the year, the Village's required and actual contributions amounted to \$7,946, which was 9.3% of its current-year covered payroll. The police officers also contributed \$2,512, which was 3.0% of the Village's current-year covered payroll.

The Village of Parma also has a Simple IRA plan, which was established in March of 1999, for its long-time DPW employee. The employee's contribution during the year was \$0; the Village match totaled \$0.

Total payroll for the fiscal year ending February 29, 2004 was \$237,367, and total payroll eligible for retirement benefits was \$85,081.

The plans held no securities of the Village or other related parties during the year or as of the close of the fiscal year.

VILLAGE OF PARMA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 – WATER SYSTEM CAPITAL PROJECT:

During its 2000 fiscal year, the Village received a \$1,388,000 grant (a \$195,000 increase approved by the State in April 2002 increased this grant to \$1,583,000) for the construction of a community water system to serve the portion of the village with contaminated water. The Village has been accounting for this project in its General Fund. A recap of the current year and project to date financial information is as follows:

	YEAR ENDED 2/29/04	PROJECT LIFE TO DATE
Revenue - State Grant	\$ 6,373	\$ 1,524,721
Expenditures:		
Engineering	2,960	176,316
Test Wells	-	4,780
Production Wells	-	113,151
Well House Construction	-	241,083
Water Main Construction	-	573,906
Transmission Main Construction	-	278,541
Other	3,413	136,944
	<u>6,373</u>	<u>1,524,721</u>
Excess of grant proceeds over expenditures	\$ -	\$ -

NOTE 14 - SEGMENT INFORMATION - ENTERPRISE FUNDS:

The Village maintains two enterprise funds. The Waste Water Fund accounts for sewer services provided to all residents. The Water Fund accounts for the Village's municipal water supply system. The Garbage Fund accounts for the Village's mandatory collection system. Selected segment information for the year ended February 29, 2004:

	WASTE WATER	WATER	GARBAGE	TOTAL
Operating revenues	\$ 40,758	\$ 83,583	\$ 51,096	\$ 175,437
Depreciation	\$ 22,822	\$ 55,703	\$ -	\$ 78,525
Operating income (loss)	\$ (74,420)	\$ (44,463)	\$ 1,182	\$ (117,701)
Net income (loss)	\$ (65,460)	\$ (56,174)	\$ 1,182	\$ (120,452)
Fixed asset additions	\$ 28,519	\$ 6,373	\$ -	\$ 34,892
Net working capital	\$ 676,041	\$ 116,898	\$ 9,014	\$ 801,953
Total assets	\$ 908,727	\$ 5,209,641	\$ 11,264	\$ 6,129,632
Total equity	\$ 902,836	\$ 2,256,238	\$ 9,014	\$ 3,168,088

VILLAGE OF PARMA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15 – COMMITMENTS AND CONTINGENCIES:

The Village has the following commitments and/or contingencies at February 29, 2004:

A. CONSTRUCTION CONTRACTS:

As discussed in Note 13, the Village is currently constructing a community water project. Signed contracts are in effect for a significant portion of the project. As of February 29, 2004, the Village had open contracts of approximately \$20,000 on the DEQ portion of the project.

The Village is also adding backup generators to its waste water system to prevent a recurrence of problems which took place during a power outage in the summer of 2003. To date, the Village has spent approximately \$29,000; the total project cost is expected to be approximately \$162,000.

B. SEWAGE TREATMENT:

Tests performed during the fiscal year ended February 28, 2001 revealed that the Village's waste water treatment lagoons were leaking at a rate above that allowed by state statute. The Village is currently exploring its options to correct this problem, and has approved joining the Southwest Regional Sewer Authority, which consists of a number of townships and villages in the western portion of Jackson County. These municipalities are currently working on a joint construction project for a sewer line which will send waste water to the City of Jackson's treatment plant. Early projections indicate the Village's portion of the construction costs would be approximately \$565,000. The Village is exploring financing options, including participation in a bond issue by the County of Jackson.

C. ROAD CONSTRUCTION:

The Village has signed contracts with the Michigan Department of Transportation for the reconstruction of South Union Street. The majority of the project will be financed with federal grants, but the Village's Major Street Fund is responsible for 20% of project costs, plus engineering. The Village's share is projected at approximately \$60,000. Construction started in September 2001, with completion in October 2001. The final billing from the State has not been received as of this report date; the Village expects its remaining liability to be approximately \$4,000.

D. EMPLOYMENT AGREEMENTS:

The Parma-Sandstone Police Department has always retained its chief on an annual contract. During the fiscal year ended February 28, 2002 discussion arose over the interpretation of the retirement provisions in the contract. It is the chief's position that the department was to place ten percent of his wages, and a match equal to that, into a qualified retirement program. The Department has instead been placing approximately 2-3% into such a plan. Discussions are in the early stage, but should additional funds be required for the retirement plan, the Village would be obligated to provide one-third of the necessary amount. An assessment of the amounts involved has not been performed, but the chief's annual salary is currently approximately \$45,000, and he has been employed by the Department for approximately 28 years.

E. CONTESTED TAX LEVIES/VALUES:

A large taxpayer, whose property is located within the boundaries of the Village of Parma LDFA, filed petitions with the Michigan Tax Tribunal, contesting the 2002 and 2003 taxable valuation of four parcels (three taxed under IFT provisions).

VILLAGE OF PARMA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15 – COMMITMENTS AND CONTINGENCIES: (Continued)

E. CONTESTED TAX VALUES/LEVIES (Continued)

The petitions claim that its 2002 and 2003 taxable value (for 2002 the taxable value was \$27,335,820) should be \$7,500,000. A tentative agreement has been reached with the taxpayer agreeing to a taxable value of \$11 million for the four parcels.

As a result of this agreement, the units and the LDFA will refund excess collections for 2002 and 2003 plus interest. The total to be refunded is approximately \$1.34 million. Based on the Village's revenue sharing (Act 425) agreement with Sandstone Township, the Village could be liable for approximately \$78,000 of this amount. It is expected that the Village will not be required to make a payment for this amount, but will instead accept reduced future distributions until this amount is satisfied. Taxes generated from properties within the LDFA boundaries will still generate approximately \$2.8 million; which is well in excess of the LDFA's debt service and contractual requirements. This proposed settlement should not impact the LDFA's finances or its ability to service its debt.

NOTE 16 – GOING CONCERN:

The Village incurred a substantial deficit in its General Fund during the year ended February 29, 2004, leaving it with an accumulated fund deficit (liabilities greater than assets of the fund). The Village had substantial capital outlays during 2004, which are not expected to recur; also, the revenue returned to the Village by the LDFA is expected to generate approximately \$63,000 during the next fiscal year, and into the foreseeable future (although future distributions may be delayed until fiscal 2006 for the Village – see Note 15 E above). These two factors mitigate concern over the Village's ability to continue its operations.

NOTE 17 – SUBSEQUENT EVENTS:

A. SEWER UPGRADES:

The Village has agreed to become a member of the Southwest Regional Sewer Authority, with the intention of connecting the Village's waste water system to the Authority's proposed line connecting to the City of Jackson's waste water treatment plant. As a member of the Authority, the Village will need to pay its share of construction costs for an interceptor line connecting to the City's existing infrastructure. Early projections of project costs indicate that the Village's share could be \$565,000.

B. STREET SWEEPER PURCHASE:

In July 2004, the Village purchased a used street sweeper for \$16,000. This equipment will be owned by the Motor Pool Fund, and is expected to generate revenue sufficient to repay the interfund loan used to finance the purchase.

VILLAGE OF PARMA, INC.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

General Fund

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

A comparative balance sheet is presented in this section. The Statement of Revenues, Expenditures, and Changes in Fund Equity which follows reveals greater detail of the results of operations than that presented on Page 3.

VILLAGE OF PARMA, INC.
BALANCE SHEET
GENERAL FUND
FEBRUARY 29, 2004
(With comparative amounts as of February 28, 2003)

	<u>2004</u>	<u>2003</u>
ASSETS:		
Cash and cash equivalents	\$ 78,298	\$ 39,598
Investments - At cost	-	-
Receivables	59,670	65,201
Due from other funds	47,925	78,680
Prepaid expenses	1,920	2,789
	<u>187,813</u>	<u>186,268</u>
Total assets and other debits	\$ 187,813	\$ 186,268
LIABILITIES, FUND EQUITY AND OTHER CREDITS		
LIABILITIES:		
Bank overdraft	\$ -	\$ -
Accounts payable	9,748	26,125
Due to other funds	216,577	109,944
Deferred revenue	24,958	24,894
Total liabilities	<u>251,283</u>	<u>160,963</u>
EQUITIES AND OTHER CREDITS:		
Fund balance:		
Reserved	-	2,789
Designated	-	10,547
Unreserved and undesignated	(63,470)	11,969
	<u>(63,470)</u>	<u>25,305</u>
Total fund equity	(63,470)	25,305
Total liabilities and fund equity	<u>\$ 187,813</u>	<u>\$ 186,268</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
THE YEAR ENDED FEBRUARY 29, 2004
(With comparative actual amounts from the year ended February 28, 2003)

	AMENDED BUDGET	2004 ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)	2003 ACTUAL
REVENUES:				
TAXES AND PENALTIES:				
Current property taxes	\$ 314,000	\$ 223,746	\$ (90,254)	\$ 106,333
Less: Captured by LDFA	(245,000)	(172,330)	72,670	(76,901)
Net current property taxes	69,000	51,416	(17,584)	29,432
Industrial Facilities Tax	-	161,510	161,510	189,895
Less: Captured by LDFA	-	(161,510)	(161,510)	(168,333)
Net Industrial Facilities Tax	-	-	-	21,562
Trailer park fees	33	26	(7)	66
Delinquent taxes collected	-	109	109	74
Administrative fee	-	328	328	157
Interest and penalties	-	879	879	221
Total taxes and penalties	69,033	52,758	(16,275)	51,512
LICENSES AND PERMITS:				
Cable TV franchise fees	1,800	1,825	25	2,074
Permits	2,500	5,066	2,566	3,865
Total licenses and permits	4,300	6,891	2,591	5,939
INTERGOVERNMENTAL:				
State grants - DEQ Water Project	-	6,373	6,373	160,188
State shared revenues	100,000	79,860	(20,140)	84,592
Liquor inspections	605	608	3	605
Police grants	800	1,663	863	224
Library expense sharing	900	1,651	751	1,360
Sandstone Township - Police	57,415	84,602	27,187	50,544
Sandstone Township - Fire	57,420	51,355	(6,065)	50,588
Parma Township - Police	57,415	84,602	27,187	49,790
Parma Township - Fire	57,430	51,355	(6,075)	50,133
Total intergovernmental	331,985	362,069	30,084	448,024
CHARGES FOR SERVICES:				
Bookkeeping fees	3,000	2,400	(600)	2,411
Sale of leaf bags	475	748	273	475
Total charges for service	3,475	3,148	(327)	2,886
FINES AND FORFEITURES:				
Ordinance and penal fines	6,800	-	(6,800)	9,288
Forfeitures	-	-	-	-
Total fines and forfeitures	6,800	-	(6,800)	9,288

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
THE YEAR ENDED FEBRUARY 29, 2004
(With comparative actual amounts from the year ended February 28, 2003)

	<u>AMENDED BUDGET</u>	<u>2004 ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>	<u>2003 ACTUAL</u>
REVENUES: (Continued)				
INTEREST	\$ 250	\$ 727	\$ 477	\$ 3,711
OTHER:				
Miscellaneous	19,650	4,544	(15,106)	1,751
Sidewalk assessments	800	1,176	376	3,005
Donations - Police	-	-	-	4,900
Reimbursements - Fire	2,500	2,057	(443)	2,575
Reimbursements - Police	-	621	621	1,103
Total other revenue	22,950	8,398	(14,552)	13,334
Total revenues	438,793	433,991	(4,802)	534,694
EXPENDITURES:				
Current:				
LEGISLATIVE:				
Village Council:				
Council Salaries	21,750	13,619	8,131	23,083
Payroll taxes	1,658	1,246	412	1,766
Pofessional services	15,000	14,789	211	15,094
Membership and dues	2,000	1,594	406	1,323
Total legislative - Village Council	40,408	31,248	9,160	41,266
GENERAL GOVERNMENT:				
Elections:				
Salaries	250	132	118	310
Payroll taxes	-	-	-	24
Supplies	-	-	-	100
Total elections	250	132	118	434
Clerk:				
Salary	7,500	5,144	2,356	6,268
Payroll taxes	575	282	293	479
Office supplies	2,500	1,787	713	4,733
Total clerk	10,575	7,213	3,362	11,480
Treasurer:				
Salary	7,500	6,117	1,383	6,716
Payroll taxes	575	468	107	514
Tax statements	50	-	50	15
Total treasurer	8,125	6,585	1,540	7,245

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
THE YEAR ENDED FEBRUARY 29, 2004
(With comparative actual amounts from the year ended February 28, 2003)

	AMENDED BUDGET	2004 ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)	2003 ACTUAL
EXPENDITURES: (Continued)				
Current: (Continued)				
Village Hall and Grounds:				
Wages	\$ 2,000	\$ 2,637	\$ (637)	\$ 1,987
Payroll taxes	229	202	27	152
Fringe benefits	-	29	(29)	-
Unemployment taxes	-	783	(783)	1,770
Workers compensation insurance	-	936	(936)	2,611
Office equipment repair	500	250	250	250
Office supplies	-	-	-	223
Operating supplies	-	207	(207)	336
Repairs and maintenance	500	2,153	(1,653)	1,164
Contract labor	-	-	-	1,605
Printing	500	199	301	456
Insurance	3,000	10,989	(7,989)	8,376
Utilities	7,728	10,149	(2,421)	8,275
Uniforms	575	891	(316)	548
Miscellaneous	900	6,151	(5,251)	2,884
Total village hall and grounds	15,932	35,576	(19,644)	30,637
 Total general government	 34,882	 49,506	 (14,624)	 49,796
 PUBLIC SAFETY:				
Parma - Sandstone Police Department:				
Wages	-	102,653	(102,653)	103,542
Payroll taxes	-	7,853	(7,853)	7,921
Unemployment taxes	-	1,004	(1,004)	1,235
Workers compensation insurance	-	-	-	-
Fringe benefits	-	33,117	(33,117)	25,942
Office supplies	-	777	(777)	787
Uniforms	-	-	-	-
Operating supplies	-	632	(632)	165
Radio maintenance	-	-	-	2,340
Auto maintenance	-	3,004	(3,004)	1,292
Gas & Oil	-	3,395	(3,395)	2,489
Printing	-	116	(116)	248
Insurance	-	6,066	(6,066)	5,933
Utilities	-	5,017	(5,017)	4,522
Repairs and maintenance	-	2,438	(2,438)	108
Schooling	-	13	(13)	783
Miscellaneous	-	-	-	302
Total Parma - Sandstone Police	160,000	166,085	(6,085)	157,609

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
THE YEAR ENDED FEBRUARY 29, 2004
(With comparative actual amounts from the year ended February 28, 2003)

	<u>AMENDED BUDGET</u>	<u>2004 ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>	<u>2003 ACTUAL</u>
EXPENDITURES: (Continued)				
Current: (Continued)				
PUBLIC SAFETY: (Continued)				
Village Police:				
Wages	\$ 5,500	\$ 6,155	\$ (655)	\$ 3,193
Payroll taxes	421	471	(50)	244
Expenses	200	149	51	-
Auto	1,500	565	935	376
Gas & Oil	250	844	(594)	146
Total village police	<u>7,871</u>	<u>8,184</u>	<u>(313)</u>	<u>3,959</u>
Police - Penal Fines, Drug Enforcement (Restricted):				
Uniforms	-	-	-	1,923
Operating supplies	-	-	-	2,492
Professional services	-	-	-	4,640
Radio maintenance	-	-	-	720
Auto maintenance	-	-	-	367
Phone, cellular, pager	-	-	-	381
Schooling	-	-	-	2,132
Miscellaneous	-	-	-	417
Total Police (Restricted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,072</u>
Parma - Sandstone Fire Department:				
Wages	-	60,198	(60,198)	56,541
Payroll taxes	-	5,489	(5,489)	4,325
Office supplies	-	2,054	(2,054)	703
Operating supplies	-	9,164	(9,164)	15,990
Repairs and maintenance	-	1,391	(1,391)	3,030
Radio maintenance	-	4,324	(4,324)	4,829
Computer expense	-	1,493	(1,493)	822
Truck maintenance	-	7,750	(7,750)	8,405
Gas & Oil	-	3,815	(3,815)	2,897
Printing	-	36	(36)	407
Insurance	-	18,210	(18,210)	17,110
Health exams	-	381	(381)	872
Utilities	-	9,151	(9,151)	7,306
Building maintenance	-	994	(994)	2,657
Schooling	-	847	(847)	2,730
Membership dues	-	1,934	(1,934)	1,025
Turnout cleaning	-	652	(652)	1,164
Miscellaneous	-	327	(327)	983
Capital Outlay (non-capital items)	-	137	(137)	-
Total Parma - Sandstone Fire	<u>147,000</u>	<u>128,347</u>	<u>18,653</u>	<u>131,796</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
THE YEAR ENDED FEBRUARY 29, 2004
(With comparative actual amounts from the year ended February 28, 2003)

	AMENDED BUDGET	2004 ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)	2003 ACTUAL
EXPENDITURES: (Continued)				
Current: (Continued)				
PUBLIC SAFETY: (Continued)				
Inspections:				
Wages	\$ -	\$ -	\$ -	\$ -
Payroll taxes	-	-	-	-
Inspector fees	2,500	5,223	(2,723)	2,580
Total inspections	2,500	5,223	(2,723)	2,580
Planning Commission:				
Wages	1,615	2,591	(976)	2,125
Payroll taxes	-	198	(198)	163
Operating supplies	900	-	900	-
Total Planning Commission	2,515	2,789	(274)	2,288
Total public safety	319,886	310,628	9,258	311,304
PUBLIC WORKS:				
Sanitation and Landfill:				
Wages	-	4,088	(4,088)	2,016
Payroll taxes	-	313	(313)	154
Spring clean up	2,500	-	2,500	3,032
Equipment usage	500	6,774	(6,274)	4,392
Total sanitation and landfill	3,000	11,175	(8,175)	9,594
DEQ Water Project - Construction	-	6,373	(6,373)	160,188
General Public Works:				
Biodegradable leaf bags	-	-	-	-
Downtown/Community improvements	-	-	-	-
Street lighting	11,590	10,637	953	10,704
Sidewalk construction	250	-	250	-
Tree removal and replacement	1,100	1,450	(350)	995
Equipment usage	-	309	(309)	234
Total general public works	12,940	12,396	544	11,933
Total public works	15,940	29,944	(14,004)	181,715

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
THE YEAR ENDED FEBRUARY 29, 2004
(With comparative actual amounts from the year ended February 28, 2003)

	AMENDED BUDGET	2004 ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)	2003 ACTUAL
EXPENDITURES: (Continued)				
Current: (Continued)				
CULTURAL AND RECREATIONAL -				
Parks and Recreation:				
Labor	\$ 2,000	\$ 598	\$ 1,402	\$ 510
Payroll taxes	-	46	(46)	39
Contract services	3,200	1,250	1,950	1,880
Pavillion	400	922	(522)	616
Utilities	2,500	2,332	168	999
Equipment usage	1,500	581	919	534
Parma - Sandstone Recreation	-	-	-	-
Total parks and recreation	9,600	5,729	3,871	4,578
OTHER FUNCTIONS:				
Delinquent tax repayment	-	37	(37)	1,530
Total other functions	-	37	(37)	1,530
CAPITAL OUTLAY:				
General	-	385	(385)	-
Parma - Sandstone Police	-	80,828	(80,828)	4,476
Police - Penal fines (Restricted)	-	-	-	-
Fire (Not capitalized)	-	3,195	(3,195)	-
Parks	-	-	-	-
Total capital outlay	-	84,408	(84,408)	4,476
Total expenditures	420,716	511,500	(90,784)	594,665
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	18,077	(77,509)	(95,586)	(59,971)
OTHER FINANCING SOURCES (USES):				
Sale of fixed assets	-	-	-	-
Operating transfers in	10,000	-	(10,000)	-
Operating transfers (out)	-	(11,266)	(11,266)	-
Total other financing sources (uses)	10,000	(11,266)	(21,266)	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	28,077	(88,775)	(116,852)	(59,971)
FUND BALANCE - Beginning	25,305	25,305	-	85,276
FUND BALANCE - End	\$ 53,382	\$ (63,470)	\$ (116,852)	\$ 25,305

The notes to the financial statements are an integral part of this statement.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Major Streets Fund - This fund is used to account for the Village's share of motor fuel tax revenues and special state grants within the Village's boundaries.

Local Streets Fund - This fund is used to account for the Village's share of motor fuel tax revenues and special state grants that are legally restricted to the maintenance of local streets within the Village's boundaries.

Restricted Police Fund – This fund is used to account for revenues generated by the Police Department which have been restricted by the Council. These revenues include ordinance fines and donations to the department.

Downtown Development Authority - This fund is used to account for revenues set aside to create and implant a revitalization plan for the Village's downtown area.

The following Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balance, Major Street Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance and Local Street Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance reveal the detail behind the presentation on Pages 2 and 3 of this report.

VILLAGE OF PARMA, INC.
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
 FEBRUARY 29, 2004

	<u>MAJOR STREETS</u>	<u>LOCAL STREETS</u>	<u>RESTRICTED POLICE</u>
ASSETS:			
Cash and cash equivalents	\$ 22,300	\$ 5,689	\$ 4,614
Due from other governments	8,389	3,048	981
Due from other funds	-	17,732	-
	<hr/>	<hr/>	<hr/>
Total assets	\$ 30,689	\$ 26,469	\$ 5,595
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Bank overdraft	\$ -	\$ -	\$ -
Accounts payable	55	56	35
Due to other funds	34,494	5,314	997
Total liabilities	<hr/> 34,549	<hr/> 5,370	<hr/> 1,032
	<hr/>	<hr/>	<hr/>
FUND BALANCE -			
Unreserved	<hr/> (3,860)	<hr/> 21,099	<hr/> 4,563
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	\$ 30,689	\$ 26,469	\$ 5,595
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

DOWNTOWN DEVELOPMENT AUTHORITY		TOTAL	
\$	103	\$	32,706
	-		12,418
	-		17,732
<hr/>		<hr/>	
\$	103	\$	62,856
<hr/>		<hr/>	

\$	-	\$	-
	-		146
	-		40,805
<hr/>		<hr/>	
	-		40,951
<hr/>		<hr/>	

	103		21,905
<hr/>		<hr/>	
\$	103	\$	62,856
<hr/>		<hr/>	

VILLAGE OF PARMA, INC.
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
THE YEAR ENDED FEBRUARY 29, 2004

	MAJOR STREETS	LOCAL STREETS	RESTRICTED POLICE
REVENUES:			
Intergovernmental:			
Federal grants	\$ -	\$ -	\$ -
State shared revenues	45,126	16,356	-
Total intergovernmental	45,126	16,356	-
Fines and forfeitures	-	-	8,107
Interest and rents	-	-	1,582
Other	-	-	4,180
Total revenues	45,126	16,356	13,869
EXPENDITURES:			
Public Safety	-	-	10,128
Public Works:			
Construction	-	-	-
Maintenance	15,074	9,350	-
Winter maintenance	4,246	4,385	-
Traffic Control	-	56	-
Drain maintenance	1,111	1,257	-
Roadside park maintenance	417	-	-
Nonmotorized projects	-	-	-
Administration	827	797	-
Total public works	21,675	15,845	-
Capital outlay	-	-	10,444
Total expenditures	21,675	15,845	20,572
EXCESS OF REVENUES UNDER EXPENDITURES	23,451	511	(6,703)
OTHER FINANCING SOURCES (USES);			
Operating transfers in	-	-	11,266
Operating transfers (out)	-	-	-
Total other financing sources (uses)	-	-	11,266
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	23,451	511	4,563
FUND BALANCE - Beginning of year	(27,311)	20,588	-
FUND BALANCE - End of year	\$ (3,860)	\$ 21,099	\$ 4,563

The notes to the financial statements are in integral part of this statement.

DOWNTOWN DEVELOPMENT AUTHORITY		TOTAL
\$	-	\$ -
	-	61,482
	-	61,482
	-	8,107
	-	1,582
	-	4,180
	-	75,351
	-	10,128
	-	-
	-	24,424
	-	8,631
	-	56
	-	2,368
	-	417
	-	-
	-	1,624
	-	37,520
	-	10,444
	-	58,092
	-	17,259
	-	11,266
	-	-
	-	11,266
	-	-
	-	-
	-	28,525
	103	(6,620)
\$	103	\$ 21,905

VILLAGE OF PARMA, INC.
BALANCE SHEET
MAJOR STREET FUND
 FEBRUARY 29, 2004
 (With comparative amounts as of February 28, 2003)

	<u>2004</u>	<u>2003</u>
ASSETS:		
Cash and cash equivalents	\$ 22,300	\$ 9,643
Due from other governments	8,389	8,112
Due from other funds	<u>-</u>	<u>-</u>
Total assets	<u>\$ 30,689</u>	<u>\$ 17,755</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Bank overdraft	\$ -	\$ -
Accounts payable	55	1,875
Due to other funds	34,494	43,191
Total liabilities	<u>34,549</u>	<u>45,066</u>
 FUND BALANCE -		
Unreserved	<u>(3,860)</u>	<u>(27,311)</u>
Total liabilities and fund balance	<u>\$ 30,689</u>	<u>\$ 17,755</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
MAJOR STREET FUND
THE YEAR ENDED FEBRUARY 29, 2004
(With comparative amounts from the year ended February 28, 2003)

	2004			2003
	BUDGET	ACTUAL	VARIANCE	ACTUAL
REVENUES:				
Intergovernmental:				
Federal grants	\$ -	\$ -	\$ -	\$ 12,718
State shared revenues	-	45,126	45,126	43,283
Total intergovernmental	-	45,126	45,126	56,001
Interest	-	-	-	5
Total revenues	-	45,126	45,126	56,006
EXPENDITURES:				
Public Works:				
Construction	-	-	-	20,128
Maintenance	-	15,074	(15,074)	13,872
Winter maintenance	-	4,246	(4,246)	2,031
Traffic Control	-	-	-	-
Drain maintenance	-	1,111	(1,111)	979
Roadside park maintenance	-	417	(417)	874
Nonmotorized projects	-	-	-	-
Administration	-	827	(827)	424
Total expenditures	-	21,675	(21,675)	38,308
EXCESS OF REVENUES UNDER EXPENDITURES	-	23,451	23,451	17,698
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	-	23,451	23,451	17,698
FUND BALANCE - Beginning of year	(27,311)	(27,311)	-	(45,009)
FUND BALANCE - End of year	\$ (27,311)	\$ (3,860)	\$ 23,451	\$ (27,311)

The notes to the financial statements are in integral part of this statement.

VILLAGE OF PARMA, INC.
BALANCE SHEET
LOCAL STREET FUND
 FEBRUARY 29, 2004
 (With comparative amounts as of February 28, 2003)

	<u>2004</u>	<u>2003</u>
ASSETS:		
Cash and cash equivalents	\$ 5,689	\$ 4,228
Due from other governments	3,048	2,936
Due from other funds	<u>17,732</u>	<u>18,738</u>
 Total assets	 <u><u>\$ 26,469</u></u>	 <u><u>\$ 25,902</u></u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Bank overdraft	\$ -	\$ -
Accounts payable	56	-
Due to other funds	<u>5,314</u>	<u>5,314</u>
Total liabilities	<u><u>5,370</u></u>	<u><u>5,314</u></u>
 FUND BALANCE -		
Unreserved	 <u>21,099</u>	 <u>20,588</u>
 Total liabilities and fund balance	 <u><u>\$ 26,469</u></u>	 <u><u>\$ 25,902</u></u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
LOCAL STREET FUND
THE YEAR ENDED FEBRUARY 29, 2004
(With comparative amounts from the year ended February 28, 2003)

	2004			2003
	BUDGET	ACTUAL	VARIANCE	ACTUAL
REVENUES:				
Intergovernmental:				
Federal grants	\$ -	\$ -	\$ -	\$ -
State shared revenues	-	16,356	16,356	15,665
Total intergovernmental	-	16,356	16,356	15,665
Interest	-	-	-	4
Total revenues	-	16,356	16,356	15,669
EXPENDITURES:				
Public Works:				
Construction	-	-	-	-
Maintenance	-	9,350	(9,350)	9,224
Winter maintenance	-	4,385	(4,385)	1,484
Traffic Control	-	56	(56)	-
Drain maintenance	-	1,257	(1,257)	3,311
Roadside park maintenance	-	-	-	-
Nonmotorized projects	-	-	-	-
Administration	-	797	(797)	459
Total expenditures	-	15,845	(15,845)	14,478
EXCESS OF REVENUES UNDER EXPENDITURES	-	511	511	1,191
OTHER FINANCING SOURCES (USES);				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	-	511	511	1,191
FUND BALANCE - Beginning of year	20,588	20,588	-	19,397
FUND BALANCE - End of year	\$ 20,588	\$ 21,099	\$ 511	\$ 20,588

The notes to the financial statements are in integral part of this statement.

VILLAGE OF PARMA, INC.
BALANCE SHEET
RESTRICTED POLICE FUND
 FEBRUARY 29, 2004
 (With comparative amounts as of February 28, 2003)

	<u>2004</u>	<u>2003</u>
ASSETS:		
Cash and cash equivalents	\$ 4,614	\$ -
Due from other governments	981	-
Due from other funds	<u>-</u>	<u>-</u>
Total assets	<u>\$ 5,595</u>	<u>\$ -</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Bank overdraft	\$ -	\$ -
Accounts payable	35	-
Due to other funds	997	-
Total liabilities	<u>1,032</u>	<u>-</u>
 FUND BALANCE -		
Unreserved	<u>4,563</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 5,595</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
RESTRICTED POLICE FUND
THE YEAR ENDED FEBRUARY 29, 2004
(With comparative amounts from the year ended February 28, 2003)

	BUDGET	2004 ACTUAL	VARIANCE	2003 ACTUAL
REVENUES:				
Fines and forfeitures	\$ -	\$ 8,107	\$ 8,107	\$ -
Interest	-	7	7	-
Rent	-	1,575	1,575	-
Total Interest and rents	-	1,582	1,582	-
Other	-	4,180	4,180	-
Total revenues	-	13,869	13,869	-
EXPENDITURES:				
Public Safety:				
Uniforms	-	1,203	(1,203)	-
Operating supplies	-	642	(642)	-
Professional services	-	4,500	(4,500)	-
Radio maintenance	-	-	-	-
Auto maintenance	-	698	(698)	-
Phone, cellular, pager	-	35	(35)	-
Building repairs	-	1,726	(1,726)	-
Schooling	-	682	(682)	-
Miscellaneous	-	642	(642)	-
Total public safety	-	10,128	(10,128)	-
Capital outlay	-	10,444	(10,444)	-
Total expenditures	-	20,572	(20,572)	-
EXCESS OF REVENUES UNDER EXPENDITURES	-	(6,703)	(6,703)	-
OTHER FINANCING SOURCES (USES);				
Operating transfers in	-	11,266	11,266	-
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	-	11,266	11,266	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	-	4,563	4,563	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ 4,563	\$ 4,563	\$ -

The notes to the financial statements are in integral part of this statement.

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

Waste Water Fund - This fund is used to account for the activities of the Waste Water disposal system of the Village.

Water Fund – This fund is used to account for the activities of the municipal water supply system of the Village of Parma.

Garbage Fund - This fund is used to account for the mandatory trash removal program of the Village.

The following Combined Balance Sheet, Combining Statement of Revenues, Expenses, and Changes in Retained Earnings, and Combining Statement of Cash Flows, and individual fund balance sheets and statements of revenues, expenses and changes in retained earnings for each fund reveal the detail behind the presentation on Pages 2, 5 and 6 of this report.

VILLAGE OF PARMA, INC.
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
FEBRUARY 29, 2004

	<u>WASTE WATER</u>	<u>WATER</u>	<u>GARBAGE</u>	<u>TOTAL</u>
ASSETS:				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 70,164	\$ 59,974	\$ 1,475	\$ 131,613
Investments, at cost	406,000	25,305	-	431,305
Receivables:				
Accounts	10,799	40,994	8,432	60,225
Assessments/Connection fees - Current	-	40,592	-	40,592
Total receivables	10,799	81,586	8,432	100,817
Due from other funds	192,121	33,436	1,357	226,914
Advanced expenses	2,947	-	-	2,947
Total current assets	682,031	200,301	11,264	893,596
PROPERTY, PLANT AND EQUIPMENT:				
Fixed assets - Net of depreciation	226,696	4,368,846	-	4,595,542
OTHER ASSETS:				
Assessments/Connection fees - Long-term	-	540,494	-	540,494
Total assets	\$ 908,727	\$ 5,109,641	\$ 11,264	\$ 6,029,632
LIABILITIES:				
CURRENT LIABILITIES:				
Accounts payable	\$ 4,569	\$ 13,363	\$ -	\$ 17,932
Due to other funds	1,233	40	2,250	3,523
Capital lease payable - Current	-	70,000	-	70,000
Total liabilities	5,802	83,403	2,250	91,455
LONG-TERM LIABILITIES:				
Capital lease payable - Long-term portion	-	2,770,000	-	2,770,000
Total liabilities	5,802	2,853,403	2,250	2,861,455
FUND EQUITY -				
Retained earnings - Designated for debt service	-	116,665	-	116,665
Retained earnings - Undesignated	902,925	(119,078)	9,014	792,861
Contributed capital	-	2,258,651	-	2,258,651
Total fund equity	902,925	2,256,238	9,014	3,168,177
Total liabilities and fund equity	\$ 908,727	\$ 5,109,641	\$ 11,264	\$ 6,029,632

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA, INC.
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
THE YEAR ENDED FEBRUARY 29, 2004

	WASTE WATER	WATER	GARBAGE	TOTAL
OPERATING REVENUES:				
Taxes - Hydrant rental	\$ -	\$ 28,592	\$ -	\$ 28,592
Charges for services:				
Connection fees	850	-	-	850
Service charges	39,668	53,583	50,703	143,954
Total charges for services	40,518	53,583	50,703	144,804
Interest and penalties	240	1,408	393	2,041
Total operating revenues	40,758	83,583	51,096	175,437
OPERATING EXPENSES:				
Administration:				
Council salaries	3,142	1,520	-	4,662
Clerical salaries	10,166	-	-	10,166
Payroll taxes	1,024	-	-	1,024
Office supplies	190	329	313	832
Professional services	2,265	4,935	1,450	8,650
Total administration	16,787	6,784	1,763	25,334
Operations and maintenance:				
Salaries	1,537	637	-	2,174
Payroll taxes	118	49	-	167
Cost of garbage service	-	-	48,151	48,151
Contract services	21,663	23,215	-	44,878
Professional services	-	-	-	-
Utilities	3,320	19,988	-	23,308
Repairs and maintenance	47,099	13,737	-	60,836
Operating supplies	-	3,685	-	3,685
Equipment usage	1,644	585	-	2,229
Miscellaneous	188	3,663	-	3,851
Total operations and maintenance	75,569	65,559	48,151	189,279
Depreciation	22,822	55,703	-	78,525
Total operating expenses	115,178	128,046	49,914	293,138
OPERATING INCOME (LOSS)	(74,420)	(44,463)	1,182	(117,701)
NON-OPERATING REVENUES/EXPENSES -				
Interest expense	-	(130,215)	-	(130,215)
Interest income	8,960	118,504	-	127,464
Total non-operating revenues/expenses	8,960	(11,711)	-	(2,751)
NET INCOME	(65,460)	(56,174)	1,182	(120,452)
ADD - Amortization of contributed capital	-	51,494	-	51,494
RETAINED EARNINGS - Beginning	968,385	2,267	7,832	978,484
RETAINED EARNINGS - Ending	\$ 902,925	\$ (2,413)	\$ 9,014	\$ 909,526

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA, INC.
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
THE YEAR ENDED FEBRUARY 29, 2004

	WASTE WATER	WATER	GARBAGE	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income	\$ (74,420)	\$ (44,463)	\$ 1,182	\$ (117,701)
Adjustment to reconcile operating income to net cash provided by operating activities:				
Depreciation	22,822	55,703	-	78,525
Amortization of due from Motor Pool Fund	-	-	-	-
Changes in assets and liabilities:				
(Increase) decrease in assets-				-
Receivables	2,368	(40,994)	2,881	(35,745)
Advanced expenses	(246)	-	-	(246)
(Decrease) increase in liabilities-				
Accounts payable	2,717	(4,264)	-	(1,547)
Total adjustments	27,661	10,445	2,881	40,987
Net cash (used) provided by operating activities	(46,759)	(34,018)	4,063	(76,714)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund (lending)/borrowing	(97,765)	(7,402)	(1,357)	(106,524)
Repayment of interfund lending/(borrowing)	1,233	(21,206)	(2,068)	(22,041)
Net cash flows from noncapital financing activities	(96,532)	(28,608)	(3,425)	(128,565)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Payments on capital lease	-	(144,205)	-	(144,205)
Collections of Assessment/Connection fees	-	217,026	-	217,026
Net cash flows from capital and related financing activities	-	72,821	-	72,821
CASH FLOWS FROM INVESTING ACTIVITIES -				
Purchase of fixed assets	(28,519)	-	-	(28,519)
Interest revenue received	-	-	-	-
Investments purchased	-	-	-	-
Investments matured	241,660	-	-	241,660
Net cash provided by investing activities	213,141	-	-	213,141
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	69,850	10,195	638	80,683
CASH AND CASH EQUIVALENTS - Beginning of year	314	49,779	837	50,930
CASH AND CASH EQUIVALENTS - End of year	\$ 70,164	\$ 59,974	\$ 1,475	\$ 131,613

NONCASH ACTIVITY:

The Water Fund system assets increased by \$6,373 during the year ended February 29, 2004. This addition was funded through a state grant (See Note 13).

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA, INC.
BALANCE SHEET
WASTE WATER FUND
 FEBRUARY 29, 2004
 (With comparative amounts as of February 28, 2003)

	<u>2004</u>	<u>2003</u>
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 70,164	\$ 314
Investments, at cost	<u>406,000</u>	<u>645,040</u>
Receivables:		
Accounts	10,799	6,317
Assessments/Connection Fees - Current portion	<u>-</u>	<u>510</u>
Total receivables	<u>10,799</u>	<u>6,827</u>
Due from other funds	<u>192,121</u>	<u>94,356</u>
Advanced expenses	<u>2,947</u>	<u>2,701</u>
Total current assets	<u>682,031</u>	<u>749,238</u>
 PROPERTY, PLANT AND EQUIPMENT:		
Fixed assets - Net of accumulated depreciation	<u>226,696</u>	<u>220,999</u>
 OTHER ASSETS:		
Assessments/Connection Fees - Long-term portion	<u>-</u>	<u>-</u>
 Total assets	<u><u>\$ 908,727</u></u>	<u><u>\$ 970,237</u></u>
 LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	\$ 4,569	\$ 1,852
Due to other funds	1,233	-
Capital lease payable - Current	<u>-</u>	<u>-</u>
Total current liabilities	<u>5,802</u>	<u>1,852</u>
 LONG-TERM LIABILITIES:		
Capital lease payable - Long-term portion	<u>-</u>	<u>-</u>
Total liabilities	<u>5,802</u>	<u>1,852</u>
 FUND EQUITY -		
Retained earnings - Designated for debt service	-	-
Retained earnings - Undesignated	902,925	968,385
Contributed capital	<u>-</u>	<u>-</u>
Total fund equity	<u>902,925</u>	<u>968,385</u>
 Total liabilities and fund equity	<u><u>\$ 908,727</u></u>	<u><u>\$ 970,237</u></u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
WASTE WATER FUND
THE YEAR ENDED FEBRUARY 29, 2004
(With comparative amounts from the year ended February 28, 2003)

	2004	2003
OPERATING REVENUES:		
Taxes - Hydrant rental	\$ -	\$ -
Charges for services:		
Connection fees	850	1,850
Service charges	39,668	34,935
Total charges for services	40,518	36,785
Interest and penalties	240	339
Total operating revenues	40,758	37,124
OPERATING EXPENSES:		
Administration:		
Council salaries	3,142	1,782
Clerical salaries	10,166	10,168
Payroll taxes	1,024	914
Office supplies	190	304
Professional services	2,265	1,500
Total administration	16,787	14,668
Operations and maintenance:		
Salaries	1,537	1,210
Payroll taxes	118	93
Cost of garbage service	-	-
Contract services	21,663	-
Professional services	-	-
Utilities	3,320	4,145
Repairs and maintenance	47,099	16,609
Operating supplies	-	-
Equipment usage	1,644	2,738
Miscellaneous	188	-
Total operations and maintenance	75,569	24,795
Depreciation	22,822	22,822
Total operating expenses	115,178	62,285
OPERATING INCOME (LOSS)	(74,420)	(25,161)
NON-OPERATING REVENUES/EXPENSES -		
Interest expense	-	-
Interest income	8,960	1,135
Total non-operating revenues/expenses	8,960	1,135
NET INCOME (LOSS)	(65,460)	(24,026)
ADD - Amortization of contributed capital	-	-
RETAINED EARNINGS - Beginning	968,385	992,411
RETAINED EARNINGS - Ending	\$ 902,925	\$ 968,385

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA, INC.
BALANCE SHEET
WATER FUND
FEBRUARY 29, 2004
(With comparative amounts as of February 28, 2003)

	2004	2003
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 59,974	\$ 49,779
Investments, at cost	25,305	25,000
Receivables:		
Accounts	40,994	-
Assessments/Connection Fees - Current portion	40,592	31,367
Total receivables	81,586	31,367
Due from other funds	33,436	26,034
Advanced expenses	-	8,808
Total current assets	200,301	140,988
PROPERTY, PLANT AND EQUIPMENT:		
Fixed assets - Net of accumulated depreciation	4,368,846	4,409,368
OTHER ASSETS:		
Assessments/Connection Fees - Long-term portion	540,494	623,546
Total assets	\$ 5,109,641	\$ 5,173,902
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	\$ 13,363	\$ 6,617
Due to other funds	40	21,246
Capital lease payable - Current	70,000	70,000
Total current liabilities	83,403	97,863
LONG-TERM LIABILITIES:		
Capital lease payable - Long-term portion	2,770,000	2,795,000
Total liabilities	2,853,403	2,892,863
FUND EQUITY -		
Retained earnings - Designated for debt service	116,665	87,340
Retained earnings - Undesignated	(119,078)	(85,073)
Contributed capital	2,258,651	2,278,772
Total fund equity	2,256,238	2,281,039
Total liabilities and fund equity	\$ 5,109,641	\$ 5,173,902

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
WATER FUND
THE YEAR ENDED FEBRUARY 29, 2004
(With comparative amounts from the year ended February 28, 2003)

	2004	2003
OPERATING REVENUES:		
Taxes - Hydrant rental	\$ 28,592	\$ 21,551
Charges for services:		
Connection fees	-	19,399
Service charges	53,583	11,920
Total charges for services	53,583	31,319
Interest and penalties	1,408	52
Total operating revenues	83,583	52,922
OPERATING EXPENSES:		
Administration:		
Council salaries	1,520	-
Clerical salaries	-	-
Payroll taxes	-	-
Office supplies	329	431
Professional services	4,935	-
Total administration	6,784	431
Operations and maintenance:		
Salaries	637	-
Payroll taxes	49	-
Cost of garbage service	-	-
Contract services	23,215	14,640
Professional services	-	929
Utilities	19,988	9,970
Repairs and maintenance	13,737	2,526
Operating supplies	3,685	4,060
Equipment usage	585	-
Miscellaneous	3,663	2,850
Total operations and maintenance	65,559	34,975
Depreciation	55,703	18,980
Total operating expenses	128,046	54,386
OPERATING INCOME (LOSS)	(44,463)	(1,464)
NON-OPERATING REVENUES/EXPENSES -		
Interest expense	(130,215)	(15,341)
Interest income	118,504	92
Total non-operating revenues/expenses	(11,711)	(15,249)
NET INCOME	(56,174)	(16,713)
ADD - Amortization of contributed capital	51,494	18,980
RETAINED EARNINGS - Beginning	2,267	-
RETAINED EARNINGS - Ending	\$ (2,413)	\$ 2,267

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA, INC.
BALANCE SHEET
GARBAGE FUND
FEBRUARY 29, 2004
(With comparative amounts as of February 28, 2003)

	<u>2004</u>	<u>2003</u>
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,475	\$ 837
Investments, at cost	-	-
Receivables:		
Accounts	8,432	11,313
Assessments/Connections Fees - Current portion	-	-
Total receivables	<u>8,432</u>	<u>11,313</u>
Due from other funds	1,357	-
Advanced expenses	-	-
Total current assets	<u>11,264</u>	<u>12,150</u>
PROPERTY, PLANT AND EQUIPMENT:		
Fixed assets - Net of accumulated depreciation	-	-
OTHER ASSETS:		
Assessments/Connection Fees - Long-term portion	-	-
Total assets	<u>\$ 11,264</u>	<u>\$ 12,150</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	\$ -	\$ -
Due to other funds	2,250	4,318
Capital lease payable - Current portion	-	-
Total current liabilities	<u>2,250</u>	<u>4,318</u>
LONG-TERM LIABILITIES:		
Capital lease payable - Long-term portion	-	-
Total liabilities	<u>2,250</u>	<u>4,318</u>
FUND EQUITY -		
Retained earnings - Designated for debt service	-	-
Retained earnings - Undesignated	9,014	7,832
Contributed capital	-	-
Total fund equity	<u>9,014</u>	<u>7,832</u>
Total liabilities and fund equity	<u>\$ 11,264</u>	<u>\$ 12,150</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
GARBAGE FUND
THE YEAR ENDED FEBRUARY 29, 2004
(With comparative amounts from the year ended February 28, 2003)

	2004	2003
OPERATING REVENUES:		
Taxes - Hydrant rental	\$ -	\$ -
Charges for services:		
Connection fees	-	-
Service charges	50,703	49,358
Total charges for services	50,703	49,358
Interest and penalties	393	453
Total operating revenues	51,096	49,811
OPERATING EXPENSES:		
Administration:		
Council salaries	-	-
Clerical salaries	-	-
Payroll taxes	-	-
Office supplies	313	134
Professional services	1,450	150
Total administration	1,763	284
Operations and maintenance:		
Salaries	-	-
Payroll taxes	-	-
Cost of garbage service	48,151	51,142
Contract services	-	-
Professional services	-	-
Utilities	-	-
Repairs and maintenance	-	-
Operating supplies	-	-
Equipment usage	-	-
Miscellaneous	-	-
Total operations and maintenance	48,151	51,142
Depreciation	-	-
Total operating expenses	49,914	51,426
OPERATING INCOME (LOSS)	1,182	(1,615)
NON-OPERATING REVENUES -		
Interest expense	-	-
Interest income	-	-
Total non-operating revenues/expenses	-	-
NET INCOME (LOSS)	1,182	(1,615)
ADD - Amortization of contributed capital	-	-
RETAINED EARNINGS - Beginning	7,832	9,447
RETAINED EARNINGS - Ending	\$ 9,014	\$ 7,832

The notes to the financial statements are an integral part of this statement.

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Motor Pool Fund - This fund is used to account for the rental of motor vehicles and equipment to other departments and related costs. Rental rates charged are based on the State Department of Transportation's rental schedule.

A Statement of Cash Flows is not presented in this section for the Motor Pool Fund, as it would merely repeat the information presented on Page 6 of this report. The Balance Sheet and Statement of Revenues, Expenses, and Changes in Retained Earnings which follows reveal greater detail of the results of operations than that presented on Pages 2 and 5.

VILLAGE OF PARMA, INC.
BALANCE SHEET
INTERNAL SERVICE FUNDS
FEBRUARY 29, 2004
(With comparative amounts as of February 28, 2003)

	MOTOR POOL FUND	
	2004	2003
ASSETS:		
Cash and cash equivalents	\$ 19,344	\$ 7,667
Investments, at cost	-	-
Receivables:		
Accounts	-	-
Accrued interest	-	-
Total receivables	-	-
Due from other funds	6,450	5,559
Advanced expenses	-	-
Fixed assets	24,394	36,027
 Total assets	 \$ 50,188	 \$ 49,253
 LIABILITIES:		
Accounts payable	\$ 931	\$ 208
Due to other funds	36,116	38,175
Total liabilities	37,047	38,383
 FUND EQUITY -		
Retained earnings	13,141	10,870
Contributed capital	-	-
Total fund equity	13,141	10,870
 Total liabilities and fund equity	 \$ 50,188	 \$ 49,253

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA, INC.
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS
INTERNAL SERVICE FUNDS
THE YEAR ENDED FEBRUARY 29, 2004
(With comparative amounts from the year ended February 28, 2003)

	MOTOR POOL FUND	
	2004	2003
OPERATING REVENUES - Rentals	\$ 26,536	\$ 23,228
OPERATING EXPENSES:		
Operations and Maintenance:		
Salaries	5,252	973
Payroll taxes	292	74
Materials and supplies	267	463
Professional Services	800	300
Maintenance	1,600	723
Gas and oil	1,254	965
Insurance	-	114
Utilities	2,680	2,267
Repairs and maintenance	-	-
Rent	150	150
Miscellaneous	338	-
Total operations and maintenance	12,633	6,029
Depreciation	11,632	14,680
Total operating expenses	24,265	20,709
OPERATING INCOME (LOSS)	2,271	2,519
NON-OPERATING REVENUES (EXPENSES):		
Interest revenue	-	-
Sale of fixed assets	-	5,005
Transfers (out)	-	-
Total non-operating revenues (expenses)	-	5,005
NET INCOME (LOSS)	2,271	7,524
RETAINED EARNINGS - Beginning	10,870	3,346
RETAINED EARNINGS - Ending	\$ 13,141	\$ 10,870

The notes to the financial statements are an integral part of this statement.

Fiduciary Funds

Trust funds are used to account for assets held by the government in a trustee capacity. Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

Agency Funds

Trust and Agency Fund - This fund accounts for employee withholdings, trailer park fees, and other miscellaneous receipts held by the Village in an agent's capacity.

PACA Fund - The Parma Area Community Activities group keeps its money on deposit with the Village to enhance its internal controls. This group sponsors activities designed to expose people to the Village, such as the annual Parma Days celebration held each June.

Expendable Trust Funds

Special Fire Fund - Accounts for revenues of the Parma-Sandstone Fire Department which are to be used for equipment purchases only.

Playground Account – Accounts for donations and cost of construction of the Stay-N-Play Adventureland playground constructed in Groner Park in May 1999.

The Village maintains one Trust and Agency Fund which records all the activity of the above accounts.

VILLAGE OF PARMA, INC.
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
FEBRUARY 29, 2004
(With comparative amounts as of February 28, 2003)

	<u>TRUST AND AGENCY</u>	<u>EXPENDABLE TRUST</u>	<u>2004 TOTAL</u>	<u>2003 TOTALS</u>
ASSETS:				
Cash	\$ 9,175	\$ 1,476	\$ 10,651	\$ 19,110
Investments	-	16,768	16,768	31,847
Due from other funds	-	2,971	2,971	399
	<u>9,175</u>	<u>21,215</u>	<u>30,390</u>	<u>51,356</u>
Total assets	<u>\$ 9,175</u>	<u>\$ 21,215</u>	<u>\$ 30,390</u>	<u>\$ 51,356</u>
LIABILITIES AND FUND EQUITY:				
LIABILITIES:				
Accrued payroll taxes and withholdings	\$ 4,129	\$ -	\$ 4,129	\$ 6,606
Due to other funds	4,971	-	4,971	1,578
Due to other Governments	-	-	-	1,912
Due to other groups	75	-	75	75
	<u>9,175</u>	<u>-</u>	<u>9,175</u>	<u>10,171</u>
Total liabilities	<u>9,175</u>	<u>-</u>	<u>9,175</u>	<u>10,171</u>
FUND EQUITY:				
Fund Balance - Unreserved	-	21,215	21,215	41,185
	<u>-</u>	<u>21,215</u>	<u>21,215</u>	<u>41,185</u>
Total fund equity	<u>-</u>	<u>21,215</u>	<u>21,215</u>	<u>41,185</u>
Total liabilities and fund equity	<u>\$ 9,175</u>	<u>\$ 21,215</u>	<u>\$ 30,390</u>	<u>\$ 51,356</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA, INC.
COMBINING BALANCE SHEET
TRUST AND AGENCY FUNDS
FEBRUARY 29, 2004
(With comparative amounts as of February 28, 2003)

	<u>TRUST AND AGENCY</u>	<u>PACA</u>	<u>2004 TOTAL</u>	<u>2003 TOTAL</u>
ASSETS:				
Cash	\$ 9,100	\$ 75	\$ 9,175	\$ 8,194
Investments	-	-	-	-
Due from other funds	-	-	-	399
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 9,100</u></u>	<u><u>\$ 75</u></u>	<u><u>\$ 9,175</u></u>	<u><u>\$ 8,593</u></u>
 LIABILITIES:				
Accrued payroll taxes and withholdings	\$ 4,129	\$ -	\$ 4,129	\$ 6,606
Due to other funds	4,971	-	4,971	-
Due to other governments	-	-	-	1,912
Due to other groups	-	75	75	75
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u><u>\$ 9,100</u></u>	<u><u>\$ 75</u></u>	<u><u>\$ 9,175</u></u>	<u><u>\$ 8,593</u></u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA, INC.
COMBINING BALANCE SHEET
EXPENDABLE TRUST FUNDS
 FEBRUARY 29, 2004
 (With comparative amounts as of February 28, 2003)

	SPECIAL FIRE	STAY -N - PLAY PARK	2004 TOTAL	2003 TOTAL
ASSETS:				
Cash	\$ -	\$ 1,476	\$ 1,476	\$ 10,916
Investments	-	16,768	16,768	31,847
Due from other funds	2,971	-	2,971	-
Total assets	<u>\$ 2,971</u>	<u>\$ 18,244</u>	<u>\$ 21,215</u>	<u>\$ 42,763</u>
LIABILITIES:				
Accrued payroll taxes and withholdings	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	1,578
Due to other governments	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,578</u>
FUND EQUITY:				
Fund Balance - Unreserved	2,971	18,244	21,215	41,185
Total fund equity	<u>2,971</u>	<u>18,244</u>	<u>21,215</u>	<u>41,185</u>
Total liabilities and fund equity	<u>\$ 2,971</u>	<u>\$ 18,244</u>	<u>\$ 21,215</u>	<u>\$ 42,763</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA, INC.
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
AND CHANGES IN FUND EQUITY
EXPENDABLE TRUST FUNDS
THE YEAR ENDED FEBRUARY 29, 2004
(With comparative amounts from the year ended February 28, 2003)

	SPECIAL FIRE	STAY -N- PLAY PLAYGROUND	2004 TOTAL	2003 TOTAL
REVENUES:				
Intergovernmental	\$ 39,000	\$ -	\$ 39,000	\$ -
Charges for service:				
Insurance recoveries	4,758	-	4,758	4,325
Report copies	60	-	60	30
Sales of water/supplies	263	-	263	92
Total charges for service	5,081	-	5,081	4,447
Interest	125	215	340	765
Other - Refunds and reimbursements	7	-	7	1,125
Total revenues	44,213	215	44,428	6,337
EXPENDITURES:				
Public Safety:				
Operating Supplies	999	-	999	6,618
Culture and Recreation:				
Supplies	-	3,606	3,606	42
Capital outlay - Public Safety	138,558	-	138,558	-
Total expenditures	139,557	3,606	143,163	6,660
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	(95,344)	(3,391)	(98,735)	(323)
OTHER FINANCING SOURCES (USES):				
Sale of fixed assets	765	-	765	-
Proceeds from long term debt	78,000	-	78,000	-
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	78,765	-	78,765	-
EXCESS OF REVENUES AND OTHER				
OTHER FINANCING SOURCES				
OVER (UNDER) EXPENDITURES				
AND OTHER FINANCING (USES)	(16,579)	(3,391)	(19,970)	(323)
FUND BALANCE - Beginning	19,550	21,635	41,185	41,508
FUND BALANCE - Ending	\$ 2,971	\$ 18,244	\$ 21,215	\$ 41,185

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA, INC.
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
THE YEAR ENDED FEBRUARY 29, 2004

	<u>BALANCE</u> <u>02/28/03</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>02/29/04</u>
TRUST AND AGENCY FUND:				
ASSETS:				
Cash	\$ 8,194	\$ 126,534	\$ 125,628	\$ 9,100
Due from other funds	399	-	399	-
Total assets	<u>\$ 8,593</u>	<u>\$ 126,534</u>	<u>\$ 126,027</u>	<u>\$ 9,100</u>
LIABILITIES:				
Accrued payroll taxes and withholdings	\$ 6,606	\$ 121,638	\$ 124,115	\$ 4,129
Due to other funds	75	4,896	-	4,971
Due to other governments	1,912	-	1,912	-
Total liabilities	<u>\$ 8,593</u>	<u>\$ 126,534</u>	<u>\$ 126,027</u>	<u>\$ 9,100</u>
PACA FUND:				
ASSETS:				
Cash	<u>\$ 75</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75</u>
LIABILITIES:				
Due to other groups	<u>\$ 75</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75</u>
Total	<u>\$ 8,668</u>	<u>\$ 126,534</u>	<u>\$ 126,027</u>	<u>\$ 9,175</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA, INC.

AMORTIZATION SCHEDULES FOR LONG TERM DEBT

\$1,110,000 CAPITAL LEASE PAYABLE – COUNTY OF JACKSON

\$1,800,000 CAPITAL LEASE PAYABLE – COUNTY OF JACKSON

\$39,000 CONTRACT PAYABLE – PARMA TOWNSHIP

VILLAGE OF PARMA
CAPITAL LEASE PAYABLE - COUNTY OF JACKSON (DRINKING WATER REVOLVING LOAN FUND)
\$1,110,000 SERIES 2002 B

DATE	RATE	PRINCIPAL AMOUNT	ANNUAL INTEREST	DEBT SERVICE REQUIREMENTS			FISCAL YEAR
				PRINCIPAL	INTEREST	TOTAL	
10/01/02		-	-	-	3,759.89	3,759.89	02/28/03
04/01/03	2.50%	45,000.00	1,125.00	45,000.00	11,621.42	56,621.42	
10/01/03		-	-	-	12,905.01	12,905.01	02/29/04
04/01/04	2.50%	45,000.00	1,125.00	45,000.00	13,211.19	58,211.19	
10/01/04		-	-	-	12,750.00	12,750.00	02/28/05
04/01/05	2.50%	45,000.00	1,125.00	45,000.00	12,757.55	57,757.55	
10/01/05		-	-	-	12,187.50	12,187.50	02/28/06
04/01/06	2.50%	45,000.00	1,125.00	45,000.00	12,187.50	57,187.50	
10/01/06		-	-	-	11,625.00	11,625.00	02/28/07
04/01/07	2.50%	50,000.00	1,250.00	50,000.00	11,625.00	61,625.00	
10/01/07		-	-	-	11,000.00	11,000.00	02/29/08
04/01/08	2.50%	50,000.00	1,250.00	50,000.00	11,000.00	61,000.00	
10/01/08		-	-	-	10,375.00	10,375.00	02/28/09
04/01/09	2.50%	50,000.00	1,250.00	50,000.00	10,375.00	60,375.00	
10/01/09		-	-	-	9,750.00	9,750.00	02/28/10
04/01/10	2.50%	50,000.00	1,250.00	50,000.00	9,750.00	59,750.00	
04/01/11		-	-	-	9,125.00	9,125.00	02/28/11
04/01/11	2.50%	55,000.00	1,375.00	55,000.00	9,125.00	64,125.00	
10/01/11		-	-	-	8,437.50	8,437.50	02/29/12
04/01/12	2.50%	55,000.00	1,375.00	55,000.00	8,437.50	63,437.50	
10/01/12		-	-	-	7,750.00	7,750.00	02/28/13
04/01/13	2.50%	55,000.00	1,375.00	55,000.00	7,750.00	62,750.00	
10/01/13		-	-	-	7,062.50	7,062.50	02/28/14
04/01/14	2.50%	55,000.00	1,375.00	55,000.00	7,062.50	62,062.50	
10/01/14		-	-	-	6,375.00	6,375.00	02/28/15
04/01/15	2.50%	60,000.00	1,500.00	60,000.00	6,375.00	66,375.00	
10/01/15		-	-	-	5,625.00	5,625.00	02/29/16
04/01/16	2.50%	60,000.00	1,500.00	60,000.00	5,625.00	65,625.00	
10/01/16		-	-	-	4,875.00	4,875.00	02/28/17
04/01/17	2.50%	60,000.00	1,500.00	60,000.00	4,875.00	64,875.00	
10/01/17		-	-	-	4,125.00	4,125.00	02/28/18
04/01/18	2.50%	60,000.00	1,500.00	60,000.00	4,125.00	64,125.00	
10/01/18		-	-	-	3,375.00	3,375.00	02/28/19
04/01/19	2.50%	65,000.00	1,625.00	65,000.00	3,375.00	68,375.00	
10/01/19		-	-	-	2,562.50	2,562.50	02/29/20
04/01/20	2.50%	65,000.00	1,625.00	65,000.00	2,562.50	67,562.50	
10/01/20		-	-	-	1,750.00	1,750.00	02/28/21
04/01/21	2.50%	70,000.00	1,750.00	70,000.00	1,750.00	71,750.00	
10/01/21		-	-	-	875.00	875.00	02/28/22
04/01/22	2.50%	70,000.00	1,750.00	70,000.00	875.00	70,875.00	02/28/23
		1,110,000.00	27,750.00	1,110,000.00	300,755.06	1,410,755.06	

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA
CAPITAL LEASE PAYABLE - COUNTY OF JACKSON (LDFA PROJECT)
\$1,800,000 2002 Series A

DATE	RATE	PRINCIPAL AMOUNT	ANNUAL INTEREST	DEBT SERVICE REQUIREMENTS			FISCAL YEAR
				PRINCIPAL	INTEREST	TOTAL	
03/01/03		-	-	-	35,662.50	35,662.50	
09/01/03	5.50%	25,000.00	1,375.00	25,000.00	35,662.50	60,662.50	02/29/04
03/01/04		-	-	-	34,975.00	34,975.00	
09/01/04	5.50%	25,000.00	1,375.00	25,000.00	34,975.00	59,975.00	02/28/05
03/01/05		-	-	-	34,287.50	34,287.50	
09/01/05	5.50%	50,000.00	2,750.00	50,000.00	34,287.50	84,287.50	02/28/06
03/01/06		-	-	-	32,912.50	32,912.50	
09/01/06	5.50%	50,000.00	2,750.00	50,000.00	32,912.50	82,912.50	02/28/07
03/01/07		-	-	-	31,537.50	31,537.50	
09/01/07	3.00%	50,000.00	1,500.00	50,000.00	31,537.50	81,537.50	02/29/08
03/01/08		-	-	-	30,787.50	30,787.50	
09/01/08	2.75%	75,000.00	2,062.50	75,000.00	30,787.50	105,787.50	02/28/09
03/01/09		-	-	-	29,756.25	29,756.25	
09/01/09	3.00%	75,000.00	2,250.00	75,000.00	29,756.25	104,756.25	02/28/10
03/01/10		-	-	-	28,631.25	28,631.25	
09/01/10	3.20%	75,000.00	2,400.00	75,000.00	28,631.25	103,631.25	02/28/11
03/01/11		-	-	-	27,431.25	27,431.25	
09/01/11	3.30%	100,000.00	3,300.00	100,000.00	27,431.25	127,431.25	02/29/12
03/01/12		-	-	-	25,781.25	25,781.25	
09/01/12	3.40%	100,000.00	3,400.00	100,000.00	25,781.25	125,781.25	02/28/13
03/01/13		-	-	-	24,081.25	24,081.25	
09/01/13	3.55%	100,000.00	3,550.00	100,000.00	24,081.25	124,081.25	02/28/14
03/01/14		-	-	-	22,306.25	22,306.25	
09/01/14	3.70%	125,000.00	4,625.00	125,000.00	22,306.25	147,306.25	02/28/15
03/01/15		-	-	-	19,993.75	19,993.75	
09/01/15	3.85%	125,000.00	4,812.50	125,000.00	19,993.75	144,993.75	02/29/16
03/01/16		-	-	-	17,587.50	17,587.50	
09/01/16	4.00%	125,000.00	5,000.00	125,000.00	17,587.50	142,587.50	02/28/17
03/01/17		-	-	-	15,087.50	15,087.50	
09/01/17	4.10%	125,000.00	5,125.00	125,000.00	15,087.50	140,087.50	02/28/18
03/01/18		-	-	-	12,525.00	12,525.00	
09/01/18	4.20%	125,000.00	5,250.00	125,000.00	12,525.00	137,525.00	02/28/19
03/01/19		-	-	-	9,900.00	9,900.00	
09/01/19	4.30%	150,000.00	6,450.00	150,000.00	9,900.00	159,900.00	02/29/20
03/01/20		-	-	-	6,675.00	6,675.00	
09/01/20	4.40%	150,000.00	6,600.00	150,000.00	6,675.00	156,675.00	02/28/21
03/01/21		-	-	-	3,375.00	3,375.00	
09/01/21	4.50%	150,000.00	6,750.00	150,000.00	3,375.00	153,375.00	02/28/22
		1,800,000.00	71,325.00	1,800,000.00	886,587.50	2,686,587.50	

The notes to the financial statements are an integral part of this statement.

VILLAGE OF PARMA
CONTRACT PAYABLE - PARMA TOWNSHIP (KANSAS STATE BANK)
2003 FIRE TRUCK

DATE	RATE	DEBT SERVICE REQUIREMENTS			FISCAL YEAR
		PRINCIPAL	INTEREST	TOTAL	
07/01/04	4.53%	3,159.18	1,793.61	4,952.79	02/28/05
07/01/05	4.53%	3,304.48	1,648.32	4,952.80	02/28/06
07/01/06	4.53%	3,456.45	1,496.34	4,952.79	02/28/07
07/01/07	4.53%	3,615.41	1,337.39	4,952.80	02/29/08
07/01/08	4.53%	3,781.68	1,171.11	4,952.79	02/28/09
07/01/09	4.53%	3,955.60	997.20	4,952.80	02/28/10
07/01/10	4.53%	4,137.52	815.27	4,952.79	02/28/11
07/01/11	4.53%	4,327.81	624.99	4,952.80	02/29/12
07/01/12	4.53%	4,526.84	425.95	4,952.79	02/28/13
07/01/13	4.53%	4,735.03	217.77	4,952.80	02/28/14
		39,000.00	10,527.95	49,527.95	

The notes to the financial statements are an integral part of this statement.